

Wayne County, Michigan “Recovery Plan” guts public worker pensions, health benefits

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As part of the financial “recovery” plan he announced April 27, Wayne County Executive Warren Evans demanded hundreds of millions worth of budget cuts in the county, which includes the city of Detroit. The cutbacks demanded by the Democratic Party executive are to be achieved through pension and salary cuts for county employees and elimination of health care benefits for more than 2,000 current employees and more than 5,000 retirees or beneficiaries.

The plan, which Evans calls “a tough pill to swallow,” includes a five percent salary reduction for all county employees with the exception of police, prosecutors and sheriffs’ deputies. The plan also increases the minimum age for workers to retire with full benefits from 55 to 62 and includes provisions to legalize the replacement of county workers with private contractors.

“Health care costs have to be significantly reduced for employees and retirees. For example, we have to eliminate health care for future retirees. And we’re going to have to move to high-deductible plans for employees and some retirees,” Evans told the *Detroit News*. “I’m not going to kid anyone. This plan is strong medicine,” Evans said.

Evans warned that unless his plan is enforced hastily the pensions system would go “belly up,” requiring even more draconian cuts. The county’s conditions are “worse off than Detroit pre-bankruptcy,” Evans claimed, saying pensions are “grossly underfunded.” Savings, he said, “must be found in health care, pensions, wages, restructuring of operations and consolidation of leased space,” the plan states, calling explicitly for the selloff of county assets.

Evans has proposed to sell the county-owned Guardian Building in downtown Detroit, which also serves as the county headquarters. The proposed sale of

the spectacular Art Deco building, finished in 1928, is in addition to the sale last year of the 226,000-square-foot Old Wayne County Building, the county’s previous headquarters completed in 1902, to a private New York investment group for \$13.4 million. Evans also called for the sale of other county buildings and a parking garage in downtown Detroit.

The county will “save” \$10 million by replacing health care with monthly stipends for private plans paid by the retirees. Employee health care plans will no longer provide vision, will reduce dental benefits and will eliminate future credits to the Employee Health Care Trust. Medicare eligible retirees who retired before 2007 will receive a \$75 per month stipend from the county. Non-Medicare eligible retirees will receive a \$100 per month stipend. “It doesn’t take a rocket scientist to figure out where we’re going to have to make cuts—it’s health care costs and pension costs that have got us where we are,” said Evans.

The savage restructuring plan is modeled on the Detroit bankruptcy. A financial dictator was installed under the state’s anti-democratic emergency management law who then used unsubstantiated claims of “grossly underfunded pensions” to throw the city into bankruptcy. The restructuring plan approved by the federal bankruptcy judge gutted city worker health care and slashed pensions in violation of the state constitution.

This conspiracy was backed by every level of government, from President Obama and Michigan’s Republican Governor Rick Snyder to subsequent Democratic city administrations led by former mayor David Bing and current mayor Mike Duggan. The American Federation of State, County and Municipal Employees (AFSCME), the United Auto Workers and other unions joined the “grand bargain” to attack

workers to pay off the banks and wealthy bondholders and hand over public assets to billionaire developers.

County executives have hired some of the same “financial experts” who conspired to throw Detroit into bankruptcy. The Wayne County General Fund operates at a loss of \$50 million annually, according to statistics compiled by private consulting firm Ernst and Young, hired by Evans’ office.

While these figures are always subject to manipulation, the county has been devastated by decades of deindustrialization that have eliminated hundreds of thousands of auto and other manufacturing jobs. In addition, billions have been drained from the treasury through tax abatements and incentives for General Motors and Ford—which are headquartered in Wayne County--and other corporations operating in the area. While the corporations are making huge profits, they continue the assault on jobs, as evidenced by last month’s announcement that Ford is eliminating a shift and laying off 700 workers at its Michigan Assembly Plant in the city of Wayne.

The bursting of the housing bubble in 2007 and the financial crash of 2008 only exacerbated the county’s budget woes, like those of state and local governments across the US, leading to a steep decline in housing values, a wave of foreclosures and a fall in property tax collections. The crisis has also driven many residents away from the county, further reducing the number of taxpayers.

Evans has called for negotiations between the county and the unions in order to facilitate smooth implementation of his plan. The county chief briefed union leaders at length as early as two weeks ago, and called last Monday for “constructive dialogue” in the coming weeks. Evans has threatened that without union support for the “Recovery Plan,” intervention by the state government, including a possible emergency manager for the entire county, will become unavoidable.

Readiness to collaborate with Evans has already been signaled by union leaders. According to the *Detroit News*, AFSCME chief Al Garrett said “he wished he had been asked for his input” while the plan was being devised. Nevertheless, Garrett said Evans was “interested” in “a couple of ideas” proposed by union leadership last Monday.

Since defeating former Wayne County Executive

Robert Ficano in the last election, Evans has initiated cuts to three county departments, frozen new hiring and imposed new restrictions on county expenditures. All wages have been frozen at current levels and all new hiring has been banned in compliance with an executive order issued by Evans.

In early April 2015, Evans announced another “restructuring” proposal to extract some \$3 million every year from Wayne’s Children and Family Services, Health and Human Services and Senior and Veteran Services.

Each month, more than \$1 million is drained from the county’s accounts due to the failed prison project on Gratiot Avenue in Detroit, started by the previous administration and halted midway due to cost overruns of tens of millions of dollars. Yet the political and media elites blame the working class for the county’s budget deficit.

The *Detroit Free Press* echoes in its editorial that workers must give up their earned pensions to pay for the county’s crisis. “Sacrifices from the workers of Wayne County are needed to keep the county solvent,” the *Free Press* wrote.



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