County official wants Detroit area put into financial emergency status

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Wayne County Executive Warren Evans, a Democratic Party politician, has asked the Michigan state treasurer to declare that the county is in a state of financial emergency. The most populous county in the state with 1.7 million residents, Wayne County encompasses Detroit and 43 surrounding western and southern suburbs, including Dearborn, Inkster and Livonia.

Evans has pointed to an alleged $52 million shortfall as the justification for his request, blaming the budget crisis on supposedly overly generous and underfunded public sector worker pensions and health benefits. The real cause of the crisis, however, is the $100 million drop in property tax revenue since the 2008 financial crash, decades of plant closings, layoffs and stagnating wages in the now highly profitable auto industry, as well as corporate tax abatements.

The call for a state of emergency comes as Evans pushes for hundreds of millions of dollars in concessions from county workers and other austerity measures. Just days before the county settled a five-year lawsuit brought by the American Federation of State, County and Municipal Employees (AFSCME) over cuts to retiree health benefits. AFSCME agreed to a deal that will slash benefits by $20 million every year.

Future retirees lost health care in the settlement, and only those who retired before 2007 are eligible for Medicaid or a stipend to go onto Obamacare market exchanges. In addition, the retirement age was increased from 55 to 62.

Wayne County officials want to eliminate health care for retirees and active workers. After successfully bullying retirees into accepting massive cuts, Evans is now using the threat of an emergency manager and possible bankruptcy to extort even more draconian concessions from workers. “Modifying retirement systems is going to have to happen, [and] modifying employment contracts,” Evans proclaimed in February. “Either we do it or someone else does. Either way, it’s going to get done.”

Earlier this year, Evans claimed if the county could sufficiently slash spending there would be no need for an emergency manager or bankruptcy. State and city officials in Detroit used the same tack, claiming they had tried all other avenues before the installation of an emergency manager who had dictatorial powers to tear up contracts and sell off public assets to pay off wealthy creditors and Wall Street banks that had inveigled the city in illegal interest rate swap deals. The city’s emergency manager, Kevyn Orr, then put into motion the long-prepared plan to throw Detroit into bankruptcy in order to circumvent state constitutional protections for pensions.

Wayne County workers already took a 20 percent wage cut, furloughs, and have gone six years without raises. Before requesting a State of Emergency, Evans detailed a “recovery plan,” which aims for $230 million more in cuts over four years. It consists of raising money by selling county assets, particularly two sewer systems and care management organizations, restructuring pensions and ending benefits.

Evans requested another 5 percent across-the-board cut, while exempting the sheriffs’ and prosecutors’ offices. This includes huge increases in health care deductibles, the outsourcing of services to private contractors paying low wages, higher hurdles for overtime pay and the elimination of the so-called 13th paycheck in the yearly pension payout.

The threat of Emergency Management is meant to intimidate the workers into accepting the recovery plan. AFSCME reported that union negotiators were told the county would give “plenty of work” to “the alligators who handled the Detroit bankruptcy and are not working."

AFSCME has no intention of defending the county workers any more than it did Detroit city workers and retirees. Throughout the Detroit bankruptcy, AFSCME, as well as the other major unions, did everything to suppress opposition while maneuvering with the courts and Democratic politicians to ensure that union executives got a share of the spoils from the restructuring of the city. In exchange for selling out the workers, AFSCME received a $500 million retiree health care trust, known as a VEBA.

Predictably Al Garrett, president of AFSCME Council 25, has offered no opposition and has only complained that Evans has not sought out other forms of revenue, including imposing more property taxes on already stretched thin working class and middle class homeowners.

While county officials, like their Detroit counterparts, are no doubt inflating the budgetary figures, particularly on so-called underfunded pensions, the financial crisis that does exist has its roots in the unrelenting attack on the jobs and living standards of workers in the area. Since 1990, 22 percent of all manufacturing jobs in the country have been wiped out. The county has the highest child poverty rate in the entire state.

While the average pension for Wayne County retirees is only $23,900 per year, General Motors, which has its headquarters and major facilities in the county, is spending $10 billion on stock buybacks and dividends to pay off their biggest investors.

Throughout Wayne County the government has set up a series of so-called Renaissance Zones where businesses operate with virtually no taxation. It is corporate tax abatement and subsidies, along with payouts to the big bondholders, which is behind the crisis, not overly generous pensions.