

MAYOR'S SHEER RIDICULOUS EXTREMITY COSTS SCRANTON DEAR FORCED TO PAY LEGAL EXPENSES, BACK PAY WITH INTEREST



The workers of the city of Scranton, Pennsylvania must be breathing a sigh of relief and feeling that their protests have paid off as they are on line to get paid their normal salaries, as opposed to the 'Minimum Wage' that the city lawmakers had enforced upon them. It was ironical that the announcement came from Mayor Chris Doherty, who had made national headlines, earlier this month, by cutting public-sector pay to the federal minimum wage of \$7.25 per hour. The decision that analysts dubbed as ridiculous and extreme, severely impacted the day-to-day lives of city's police, firefighters, garbage collectors and government employees. Doherty tried to bring credence to his decision, by also taking the cut and taking home minimum wages. However, impacted workers say that his financial situation was such that the meager salary would have no harsh implications for him – it was a camouflage to conceal the reality, they alleged. Tom Jennings, a lawyer for the employees' unions said that the Mayor settled for paying approximately \$750,000 in back-pay owed to firefighters, police officers and public works employees, plus 6 percent interest amounting to at least \$5,100. In exchange for the unions, agreeing to drop their bid to have the mayor held in contempt of court. The workers have welcomed the news, with one firefighter saying that at last we will be making more than the fry cook at the local eateries. Given that the Mayor had cited dire financial situations for his drastic action, the question now arises, where is the money coming from? Remember, the city has a budget deficit in excess of \$ 15 million. The *Wall Street Journal* says that the Scranton lawmakers are negotiating deal with the Pennsylvania government to raise local property taxes by 33 percent over the next three years. In return for this the state will bail them out of their present mess by loaning them \$ 2 million sans interest and also deliver a \$250,000 grant. The influx of the money, however transitory, will allow the authorities to pay the workers, what their normal salaries were, the balance due for the weeks they received the minimum wage with 6 percent interest. It is assumed that the workers will receive their arrears by the middle of this month, 16th of August to be precise. Scranton was facing a Stockton and San Bernardino like situation and was on the verge of bankruptcy, with only \$5000 in its treasury. The notorious and divisive pay cut followed this discovery. A variety of reasons have been proffered for the city finding itself in the hole that it is in. Many say that it is a hole that they have dug themselves and deserve no sympathy having fallen in it. There is a long-standing impasse between the city's lawmakers that is preventing a logical and commonsense tax hike to take place. If implemented it would help increase the revenue and ease the financial situation considerably. The situation became dire following admission that they were so cash strapped that they wouldn't cover a bond payment due from the Scranton Parking Authority. Their credibility and trustworthiness came crashing down and the city found itself closed out of the municipal bond market with all potential money lenders shying away, convinced that Scranton did not have the capacity to repay whatever was lent to them. Analysts however say, that more bankruptcies like Stockton and San Bernardino cannot be ruled out as cities struggle with lifeless housing markets and high pension costs. The mayor could hardly have bargained for the backlash that saw him paying for the legal expenses, along with back pay and interest. The foolhardy decision has cost the city dear.