

LAYOFFS IN STATE OF MICHIGAN



According to SFGate, the state of Michigan is planning **job cuts** because of the automatic reduction in federal budget cuts which may affect the state.

Automatic reduction in federal budget cuts is a practice of using uniform spending cuts if the cost of running the government is more than either an arbitrary figure or the gross revenue during the fiscal year. Reduction of the federal budget deficit is a priority for the Obama Administration and the U.S. House of Representatives and the U.S. Senate.

The Office of the State Employer distributed notices in early March 2013 to workers in the state about the potential **loss of jobs**. Department and agency directors, and the unions for state employees, are aware of layoffs being a consequence of the federal cuts, SFGate reported, citing Detroit Free Press.

A letter was sent to unions informing them that if layoffs occur, they will start after April 8. According to the letter: "Plans are being developed to quickly bring spending in line with anticipated revenues ... which may include indefinite layoff of employees due to lack of funds, reduction in spending authorization," reported SFGate.

Though people have not lost their jobs, they are worried they may go into financial turmoil, or have to continuously look daily with for new work in an economy that does not offer many **hiring opportunities**. The state is required to distribute layoff warning notices to union leadership at a minimum of 30 days prior to any layoffs commencing.

The Department of Technology, Management and Budget stated no job loss warning letters will be dispatched to individual workers until the departments create their budget plans by the end of March 2013. Workers need at a minimum of 14 days' notice. SFGate reported that according to a state spokeswoman, Lauren Leeds: "It's all still up in the air."

According to SFGate, Phil Patrick, executive vice president for Service Employees International Union Local 517M, said the warning letter from the state made people unsure of what will happen to them: "Obviously, they have to look at all their operating costs." The **union** represents around 4,000 state employees.

Some departments could have more layoffs than other departments. For example, federal dollars make up 65 percent of the Department of Community Health's budget. Federal budget cuts could hurt this department extremely because it depends on federal dollars.

Besides layoffs in Michigan, an automatic reduction in the federal budget impacts services to the elderly. For instance, medicare reimbursement to medical providers may be reduced by 2% for services provided on or after April 1, 2013. The cuts will calculate to an \$11 billion reduction in Medicare spending.