

SCRANTON MAYOR PUTS ALL CITY WORKERS ON MINIMUM WAGE



Instead of following the workers laying off route and adopting other unpopular measures, a Pennsylvania mayor has come out with a unique plan to tackle the problems that his city faces in the wake of budget shortfalls. He has decided that, including himself, every public employee will get the minimum wage. Scranton Mayor Chris Doherty made an announcement to this effect, which saw the wages of public workers, including 398 police officers, firefighters, being cut from between \$18 and \$36 an hour to just \$7.25 an hour. The tough decision was perhaps promoted by Stockton, California, filing for bankruptcy last week, saying that it was unable to meet its over-the-top health care costs for its city's employees. More and more municipalities across the country are adopting austerity measures to face increasing debt and to protect bondholders. The Mayor said that Scranton's ever-increasing debt and no foreseeable city council action forthcoming to address these problems, he was left with no alternative but to propose these wage cuts. He assured the worried workers, that it was a temporary measure and he was hoping that the city would secure a \$16 million loan. Once the loan comes through, he said, he promised to reimburse their back pay with interest. However, workers were doubtful how they would meet their monthly bills with the new slashed pay. Three Unions representing local firefighters, police and public works employees have taken the matter to court, filing a lawsuit against the mayor's plan. They alleged that Doherty was responsible for the situation for his inability to negotiate wages with union representatives. Moreover they said, the plan would have a demoralizing effect on the workers, who would see their annual salaries slide by astronomical amounts. For example, under Doherty's proposal, the average firefighter in Scranton would see his yearly salary drop from \$55,910 to \$15,080. That is even lower than the federal poverty line average for a two-person family. On Thursday, a motions court judge issued a provisional injunction that stopped the wage cuts for the pay period ending Friday. Sgt. Bob Martin, the police union president said that he was overjoyed that the court took such prompt action. Scranton business administrator Ryan McGowan said, that even though the court had dictated otherwise, the city will have to infringe on the injunction as they just did not have the money in their coffers. However, workers would still get their wages at the legal minimum wage limit, for the period ending Friday. Beyond that the money is just not there, said McGowan. "We can't issue a check if the money's not there, so at this point we'd just be paying individuals that minimum wage rate. It's not that we want to violate [the injunction] -- we don't have the funds in the bank" he confessed. What he had to add further, showed how stressed the city's financial situation was. He said that the city had about \$3.8 million in unpaid bills, including more than \$2 million in unpaid health insurance premiums. If everything was nice and healthy, a two-week payroll would total around \$1 million. The savings owing to minimum wage would amount to \$700,000 each pay period, can be used to pay other bills, to avoid a Stockton like situation. The pitiful scenario can be understood easily, for the city's balance in its kitty, after paying minimum wage to the 398 employees this week, will be a mere \$5000. "There's not much else we can cut and continue to provide services to the city, to the citizens," he said. The unions however, believe that taking such a drastic step was uncalled for and is only an attempt by the mayor to bully Scranton's city council into approving the tax increase the local banking community, apprehensive of the city's unfunded debt, has asked for in return for any loan. As a revenue increasing measure Doherty has asked the council to approve a 78 percent increase in taxes over the next three years. However, the council is not too conducive to the idea and have asked him to find other ways of increasing revenue, including cost-cutting measures. Doherty believes that the austerity measures save money but do not increase revenue as quickly as it is required. The Mayor has actually taken the council to court alleging that they did not carry out the original budget it put in place, which required a plan to address the debt. "We're trapped in the middle of a political game between the mayor and city council," said John Judge, president of the firefighters union, adding, "We're not the cause of his problem, and we're not the solution to his problem." The lawyer representing the unions, Thomas W. Jennings, says he agrees with belief that it is a clash of egos, "The mayor and city council for the last month have been at it. They can't adopt a budget," he said, adding, "We were stuck in the middle. I said in court today, 'I don't know who's right, but I know who's not right -- and that is, whoever is making us the target for their leverage.' That's really what it was about." The Council President Janet Evans also lambasted the mayor for his minimum wage proposal and said that it was "disgraceful." McGowan, however, denied that it was a political fight and insisted that the wage cuts are a necessity. He laid the blame at the council's door saying that they were fully aware of the impediments, yet they did not follow the budget they put in place. "There's not much that the mayor can do to change that," he said. Speaking to the Press, Doherty expressed hope that his plan would be acceptable to the banking community. Although he apologized to the workers, he was categorical the situation being what it is, he had no choice but to ensure that his proposal was implemented. "I apologize to all employees in the city that have to bear this. This is totally unnecessary," the mayor said. "This is unfortunate, but it dramatizes the seriousness of the situation. As the mayor, I can only deal with the money I have, and until the council funds its budget, this is the way it's going to be." Legal experts differed in their opinion whether the mayor could bypass the injunction. Judge Michael Barrassé, who issued the injunction, said that without negotiations, the mayor cannot enforce his will, whilst city solicitor Paul Kelly said that there were emergency powers that could allow the mayor to make the cuts. What is in store for the workers will be decided at a hearing on Friday. Scranton is the birthplace of Vice President Biden and the unions wrote to him detailing their worries. Biden visited Scranton and met with many union leaders. "With Scranton and Pennsylvania being such a hot bed for the next election, we want to make sure that they know there's a Democratic mayor that's not taking care of his public safety unions," Judge, the firefighters union president, said. "We know that President Obama and Vice President Biden have been staunch supporters of police and fire, and we wanted to make sure they were aware of how our unions were being treated up here." Everyone is awaiting the fate of the injunction come Friday, but such a dire situation requires long term measures and you just cannot say this is all we have and this is what we pay you. It is for those in charge to generate the revenue and if tough measures have to be adopted, so be it.