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Michigan AFSCME Council 25

News Release

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CITY OF DETROIT COALITION OF UNIONS REPORT: MAYOR BLOWS OFF $21 MILLION IN QUEST FOR CONSENT AGREEMENT

Meanwhile city spends $5 million for fiscal stability plan

Detroit MI June 26, 2012 – The City of Detroit Coalition of Unions released a report yesterday showing how the city has thrown away nearly $21 million in concessions and savings in the quest for a consent agreement.

“This is not a case of spending a little to get a little,” said Al Garrett, President, Michigan AFSCME Council 25. “This is a case of spending a lot to get nothing.”

The report details cost savings from concessions already agreed to by the city’s workforce.

“The City agreed to an early retirement plan, which gave incentives for City (employees) to retire,” the report noted. “The savings from retirement removes the highest paid employees from each classification. Annually, these savings amount to approximately $55 million, one-half of that savings being the Coalition’s share. The projection of how much the city would have saved in three months is $7 million.”

All told, the city would have saved nearly $21 million during the current budget year. In the meantime, the city is spending at least $5 million to implement a financial stability agreement. The biggest cost has been $3.5 million to an accounting firm.

“The State forced the City to hire a world renowned accounting firm to assist with the negotiations with the City’s unions. Ernest &Young sat in on every negotiation session with all unions, as we understand, and prepared the contract provisions that the City ultimately signed.

Following that, the state forced the City to reject those contracts, and still stuck the City with the $3.65 million (and growing) bill," according to the report.

"Working people have put real money on the table in an effort to balance the city's books," said Garrett. "Now even with a financial board in place, the city continues to throw money out the window."

Copies of the report are available upon request.

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