



Written by [Bob Adelman](#) on July 10, 2012

Scranton Pa. Can't Kick the Can, Cuts Salaries to Minimum Wage

After conferring with the city's business administrator, Scranton, Pennsylvania, Mayor Chris Doherty [announced](#) on Wednesday, June 27, that all 398 city employees would be getting minimum wage, starting with their next paycheck. Doherty said the city doesn't have the money to pay everyone their full salary:



I'm trying to do the best I can with the limited amount of funds that I have. I want the employees to get paid. Our people work hard...I just don't have enough money, and I can't print it in the basement.

Ryan McGowan, Scranton's business administrator, confirmed the desperate condition of the city's finances: "We can't issue a check if the money's not there, so at this point [we'll] just be paying individuals [the] minimum wage..."

Doherty's announcement gave the city's employees just eight days' warning. John Judge, the president of one of the three local unions being impacted by Doherty's decision, said that he usually receives his salary check every two weeks in the amount, after withholding, of about \$1,500. Last week's check was just \$600, before withholding. Said Judge:

My members are getting a check for \$7.25 an hour. These are people [who] are the head of their households. They have mortgages. They have other living costs. They are now going to have to throw their bills in a hat and randomly pick what gets paid on time.

The three unions, representing the police, the firefighters, and the public workers, went to court and secured an injunction against Doherty for unilaterally violating the unions' compensation agreements with the city. But the mayor claims [there's nothing he can do](#):

I apologize to all employees in the city that have to bear this. This is totally unnecessary...but it dramatizes the seriousness of [our] 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.

Last October, Doherty presented a budget to the city council in an attempt to balance the budget. He could see what was coming and recommended an increase in local taxes by some 29 percent in the first year, and by 78 percent over the next three years. At the time he sounded very confident that the council would go along with the increase: "We're not going bankrupt. Cuts are on the table..."

But the city council rejected Doherty's budget, thinking instead that they could just go to the local banking community for a little help to solve their "temporary" cash flow problem. But the banks wouldn't agree unless taxes were increased.



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By the end of June, reality finally set in. Scranton had \$3.8 million in unpaid bills including \$2 million in past due health insurance premiums. The city had a \$16.8-million shortfall in its budget. There was just \$5,000 in the city's payroll account. Time had run out.

But no one appears to be backing down. Certainly not the unions, fresh from their victory over Doherty in holding him in contempt of the judge's ruling that he couldn't unilaterally violate the union agreements. And the city council remains unpersuaded that the banks will not come to the rescue to bail the city out. In the meantime, Doherty is working through as best he can. By slashing salaries to minimum wage levels, the city's two-week payroll costs, usually around \$1 million, are now about \$300,000, giving the city a little breathing room.

In the meantime the unions are running to Washington for help. Reminding the Obama administration that Scranton is the birthplace of Vice President Joe Biden, the unions claim, according to Judge:

We're trapped in the middle of a political game between the mayor and city council. We're not the cause of his problem, and we're not the solution to his problem...

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.

We know that President Obama and Vice President Biden have been staunch supporters of police and fire, and we want to make sure they were aware of how our unions [are] being treated up here.

Observers note that in Scranton, denial is still just a river in Egypt. Doherty's stuck, the city council is asleep at the wheel, the banks won't lend unless they have some assurance they will get their money back, and the unions are claiming that it's not their fault. This is how it looks, they say, when the can cannot be kicked down the road any farther.

Photo: Scranton City Hall



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