

Massive Layoffs Coming in NYC, Nevada, California, Colorado, Arizona, Everywhere

Sunday, January 31, 2010

Cities, states, and municipalities are sinking by the minute. And unless unions agree to concessions (which they won't) massive layoffs are coming everywhere you look. New York City is a prime example.

Please consider [NYC May Lay Off 19,000 Workers If State Cuts Aid](#)

New York City will have to lay off more than 10,000 public workers, in addition to 8,500 teachers, if the state legislature approves the \$1.3 billion of cuts the governor proposed in his deficit-closing budget, Mayor Michael Bloomberg said on Monday.

The mayor, in a speech to the legislature, estimated 3,150 police officers would be cut, reducing the force's "operational strength" to 1985 levels.

About 1,050 firefighters would have to be let go, along with 900 correctional officers, and the city would have to cut its daily inmate population by 1,900, he said. The number of at-risk children that service workers monitor would fall to 2,700 from 9,000, Bloomberg said.

The mayor, an independent, said Governor David Paterson's budget "utterly fails the test of fairness." He told lawmakers: "You can't lose control of the streets in terms of safety or cleanliness. You can't lose control of the streets in terms of an ambulance or a firefighter showing up."

NYC mayor: State budget would force city layoffs

Check out the spin in this version of the same story: [NYC mayor: State budget would force city layoffs](#)

The proposed state budget would force thousands of layoffs and could reduce New York City police staffing to the level of 1985, before the city emerged as a terrorism target, Mayor Michael Bloomberg warned legislators Monday.

<http://globeconomicanalysis.blogspot.com/2010/01/massive-layoffs-coming-in-nyc-nevada.html>

Gov. David Paterson's proposed 2010-11 budget would cut \$1.5 billion in funding to the city, Bloomberg said -- forcing layoffs of 9 percent of the city's police officers; layoffs of 1,050 firefighters and the closing of some firehouses; and 8,500 teachers as part of what Bloomberg says is a \$500 million cut in school aid.

In addition, aid for other services such as soup kitchens, homeless shelters and transit cards for students will be sapped with no way for the city to make up the funding.

"This executive budget would have devastating effects on essential services in New York City," Bloomberg said.

Pointing The Finger

It appears mayor Bloomberg does not have the courage to point the finger where it belongs.

Not a single public servant needs to be laid off. All they have to do is take a pay cut like workers at GM, Ford, or anyone in private industry had to do. If there are layoffs, unions are totally responsible.

Bloomberg's Grim Budget

Inquiring minds are reading [Bloomberg Unveils a Grim Budget](#).

Declaring grimly that the city's finances were "between a rock and a hard place," Mayor Michael R. Bloomberg unveiled a \$63 billion budget proposal Thursday that would eliminate 20 fire companies, increase the cost of truck parking on Manhattan streets by 25 percent and close swimming pools and a 24-hour center for the homeless.

The budget would also slash funding to libraries, reduce the number of caseworkers who deal with H.I.V. and AIDS, and eliminate nurses in elementary schools with fewer than 300 students.

Mr. Bloomberg is proposing that city teachers agree to a much smaller raise in their next contract or face the possibility of 2,500 job cuts. And when asked Thursday whether his position signaled a new era of hard-line bargaining with all unions, Mr. Bloomberg sounded almost exasperated.

"The bottom line is we don't have any money," he said. "There isn't money to continue to employ the people we have. Forget about raises — that is so far down the road, it's not the right question."

Then, in a challenge, apparently, to the intelligence of the city's union leaders, he added: "The union leaders in the city aren't stupid. They understand the fiscal reality."

Unions Understand Mayor Bloomberg Is A Pushover

On one hand the mayor says "The bottom line is we don't have any money. Forget about raises — that is so far down the road, it's not the right question."

On the other hand the mayor proposes that city teachers agree to a much smaller raise in their next contract or face the possibility of 2,500 job cuts.

Which is it?

Colorado Springs Cuts Into Basic Services

A battle is brewing in Colorado Springs over job cuts. Please consider [Colorado Springs cuts into services considered basic by many](#). *This tax-averse city is about to learn what it looks and feels like when budget cuts slash services most Americans consider part of the urban fabric.*

More than a third of the streetlights in Colorado Springs will go dark Monday. The police helicopters are for sale on the Internet. The city is dumping firefighting jobs, a vice team, burglary investigators, beat cops — dozens of police and fire positions will go unfilled.

The parks department removed trash cans last week, replacing them with signs urging users to pack out their own litter. Neighbors are encouraged to bring their own lawn mowers to local green spaces, because parks workers will mow them only once every two weeks. If that.

City recreation centers, indoor and outdoor pools, and a handful of museums will close for good March 31 unless they find private funding to stay open. Buses no longer run on evenings and weekends. The city won't pay for any street paving, relying instead on a regional authority that can meet only about 10 percent of the need.

"I guess we're going to find out what the tolerance level is for people," said businessman Chuck Fowler, who is helping lead a private task force brainstorming for city budget fixes. "It's a new day."

Voters in November said an emphatic no to a tripling of property tax that would have restored \$27.6 million to the city's \$212 million general fund budget. Fowler and many other residents say voters don't trust city government to wisely spend a general tax increase and don't believe the current cuts are the only way to balance a budget.

Community business leaders have jumped into the budget debate, some questioning city spending on what they see as "Ferrari"-level benefits for employees and high salaries in middle management. Broadmoor luxury resort chief executive Steve Bartolin wrote an open letter asking why the city spends \$89,000 per employee, when his enterprise has a similar number of workers and spends only \$24,000 on each.

Businessman Fowler, saying he is now speaking for the task force Bartolin supports, said the city should study the Broadmoor's use of seasonal employees and realistic manager pay.

"I don't know if people are convinced that the water needed to be turned off in the parks, or the trash cans need to come out, or the lights need to go off," Fowler said. "I think we'll have a big turnover in City Council a year from April. Until we get a new group in there, people aren't really going to believe much of anything."

Rather than closing the parks and shutting off services, why not fire all the city workers, privatize the maintenance, and charge enough to recover costs. If that can't be done, then shut down whatever is not profitable.

But once again I am irritated by the way this is presented. Not a single fireman or police officer needs to be fired. All the unions have to do is cut wages. If the unions will not agree, then privatize the fire department.

Heck, just do it because the union will not agree.

Then after the fire department is privatized, tell the police department the same is in store for them if they do not agree to massive pension and benefit cuts.

The only thing unions understand is complete annihilation of the union. So, annihilate them, starting with the fire department.

Drastic Cuts In Phoenix

Inquiring minds are reading [City of Phoenix details plan for drastic cutbacks](#)

Phoenix's budget troubles came into sharper focus Thursday as City Manager David Cavazos proposed shutting down senior centers, libraries and sports complexes, and laying off hundreds of police officers and firefighters for the first time in decades.

The plan would help close Phoenix's \$242 million deficit, balancing the general-fund budget through fiscal year 2011.

Cavazos' proposal would eliminate 1,379 of the city's 16,000 positions, though a third of the targeted positions are vacant. The Police Department would lose about 353 sworn positions, from patrol officers to assistant chiefs. The Fire Department would cut 144 sworn jobs. The cuts represent about 18 percent of the total sworn police and fire force.

Six of the city's 15 library branches, five of its senior centers and numerous sports complexes and community centers would be shuttered. Funding for the arts and after-school programs would be slashed. And bus routes and light-rail hours would be reduced.

"This is more than an inconvenience," Cavazos said. "When you close someone's senior center, that's their whole life."

"They can't close my library," said Leslie Witt, 54, who waited 75 minutes to use a computer. "This is my library. I come to the library three or four times a week. I come to talk to my neighbors and friends and to socialize. They already cut enough hours that it's hard to get down here."

Added Dorothy Martin, 80, of east Phoenix: "It never occurred to me that we'd be in the mess we're in, firing our police and firemen. It's terrible. It's absolutely devastating."

Those who use the library should pay for it. Moreover, everything above about police and fire fighters in Phoenix is the same as in Colorado Springs.

Sacramento County

Please consider [Sacramento County could see \\$150 million shortfall in 2010-11.](#)

Sacramento County could be facing a \$150 million general fund shortfall next fiscal year, according to preliminary county projections obtained by The Bee.

That number is based largely on ongoing shortfalls the Board of Supervisors failed to address at the start of this fiscal year when they instead chose to use more than \$80 million in one-time funds such as reserves and inter-fund transfers to cover deficits. Increased labor costs stemming from negotiated contracts are projected to cost the general fund \$44.3 million

The increase in labor costs as a result of cost-of-living increases and other negotiated raises is equal to more than 550 jobs, according to county officials.

Who were the dimwits that agreed to those last wage hikes? Fire them. Then follow the plan outlined above for Colorado Springs and Phoenix.

Drastic Cuts In Nevada

Inquiring minds are pondering the ramifications of [Nevada's \\$900 Million Shortfall](#)

Nevada's budget outlook is so bleak that lawmakers doubt whether state government can remain afloat without drastic cuts to everything from prisons to schools to state parks and services for the poor and elderly.

Legislators met Tuesday with Republican Gov. Jim Gibbons to discuss how they will cope with a short-term deficit of about \$900 million during an upcoming special session of the Legislature. Some Democratic lawmakers acknowledge options to bridge the gap probably won't include tax increases.

"It is important for all of us to understand how dire it is," Senate Majority Leader Steven Horsford, D-Las Vegas, said. "The things we attempted to protect are now going to be considered for reduction or elimination."

Assemblyman John Ocegüera, D-Las Vegas, said pay cuts and layoffs for state employees are probably inevitable. "These are drastic, drastic cuts. I would be surprised if some folks didn't lose their jobs," Ocegüera said.

Mark Taylor, deputy state controller, estimated that saving \$1 billion through pay cuts, if implemented in March, would mean reducing salaries of state workers, teachers and university and community college faculty and support staff by 25 percent to 30 percent through June 30, 2011.

Taylor said such a cut would hit lower-wage employees extremely hard, especially because some lower-paying jobs are held by single parents raising children. There had been talks that salary cuts would be made only to employees earning more than \$40,000 a year.

Ocegüera was uncertain whether it would be considered "a socialist type thing" to tailor pay cuts according to earnings.

"I don't know if it is possible, but I'm open to look at that," he said.

Assembly speaker Barbara Buckley, D-Las Vegas, said the shortfall would take 22 percent across-the-board cuts to overcome and that she and other legislators agreed with Gibbons they should work together to set priorities and ensure a special session lasts no longer than a couple of days.

"What we are facing is nothing short of sobering," Buckley said.

Dennis Mallory, chief of staff of the American Federation of State, County and Municipal Employees Local 4041, expects "massive layoffs" of state employees and pay cuts during the special session.

"Our folks cannot give up anymore," said Mallory, whose association has 4,000 state employee members. "This is terrible."

I am encouraged that Nevada is proposing slashing salaries but the big problem is pension benefits. Those need to go.

Lynn Warne, president of the Nevada State Education Association, said legislators and the governor shouldn't rule out raising new revenue through taxes and fees during the special session in order to prevent cuts to schools.

"I don't have a list of what cuts we would make in education, because I feel we have already been cut to the bone and there is nothing left to cut," Warne said.

There is plenty to cut starting with her salary.

Nevada to borrow up to \$1 billion to cover jobless benefits

Adding to already huge fiscal problems, [Nevada to borrow up to \\$1 billion to cover jobless benefits](#)

The state will borrow between \$800 million and \$1 billion from the federal government this year to continue paying unemployment benefits to Nevadans. Employers will be saddled with paying off this debt at an interest rate of 4.6 percent.

Cynthia Jones, administrator of the state Division of Employment Security, says it initially predicted it would collect \$313 million a year in tax from Nevada employers in the tax they pay. But the state won't reach that figure because of high unemployment.

Jones appeared before the Legislative Commission Thursday to speak on the regulation that would keep the tax rate at 1.33 percent for Nevada employers this year. Jones said she's hoping for some "federal relief" either in forgiving all or part of the debt or lowering the 4.6 percent interest rate. The state has two years to pay off the loan.

If Nevada can't pay it off by the deadline, the federal government will increase the rate it charges Nevada employers. Nevada's unemployment rate is second highest in the nation, and about to get worse with pending layoffs.

Schwarzeneggers's Bizarre Plan To Outsource Prisoners To Mexico

In the truly bizarre category [Schwarzenegger Proposes To Outsource Prisoners To Mexico](#).

Schwarzeneggers's daily stunts to keep his state afloat are getting more ridiculous.

The governor probably wasn't joking yesterday, when he suggested outsourcing California's overcrowded prison system to Mexico. Specifically, he would send the state's 19,000 imprisoned illegal immigrants to prisons south of the border.

"We pay them to build the prisons down in Mexico and then we have those undocumented immigrants be down there in a prison. ... And all this, it would be half the cost to build the prisons and half the cost to run the prisons," Schwarzenegger said, predicting it would save the state \$1 billion that could be spent on higher education.

I have a better idea.

Why don't we just send all of the non-violent illegal alien criminals back to their native country?

Moreover, why don't we release any US citizens held on Marijuana charges and stop prosecuting new cases as well.

If that does not fix the problem, then let's commute sentences of non-violent criminals on a first in first out basis making sure that people spend enough time so that they do not want to go back to prison.

Instead, Schwarzenegger wants to build prisons in Mexico. It is preposterous.

Verizon to cut 13,000 jobs

In the private sector, things do not look so hot either. Please consider [Verizon to cut 13,000 jobs](#).

After posting a fourth-quarter loss, Verizon Communications, Inc. said Tuesday it plans to cut about 13,000 jobs this year.

Verizon recorded a net loss of \$653 million, or 23 cents per share, compared with a profit of \$1.24 billion, or 43 cents a share, a year earlier. The loss came after the company took a charge of \$3 billion for cutting a total of 17,000 jobs last year in both its landline and wireless divisions. Analysts polled by Thomson Reuters had forecast earnings of 54 cents per share.

1,500 job cuts at Ericsson

Please consider [Ericsson's 1,500 job cuts may reach Kansas City area](#).

The Swedish telecommunications company on Monday reported fourth-quarter earnings of 700 million kronor (\$96.8 million U.S.), down 83 percent from 4.1 billion kronor during the same period a year ago. Revenue during the three-month

period dropped 13 percent to 58 billion kroner (\$8 billion U.S.) as sales in central Europe, Africa and the Middle East slumped.

Company officials, who slashed 5,000 jobs last year, said they would need to eliminate an additional 1,500 positions.

2,000 Meat Sector Layoffs

Please note that US meat sector job cuts to almost 2000 in three days

In the second shutdown notice by a major US meat company in three days, Tyson Foods said it is going to cut part production of a canning plant.

The move, which will axe almost 500 jobs, follows Smithfield Foods' recent announcement that as of April, it was closing a hog processing plant, also in Iowa. The job losses takes the total jobs lost in less than a week in the US meat sector to 1,930.

Corporate America on a Diet

In a new trend to frugality where less is more, please consider the Wall Street Journal article [Corporate America on a Diet](#)

Now showing this earnings season: the Incredible Shrinking Corporation.

The signs are everywhere. General Electric Co.'s chief financial officer on Friday referred to the "focused shrinkage" of its financial unit. A day earlier, Target Corp. said it plans to test stores that will have 50% fewer items.

The shrinking has had broad impact. If you're already unemployed, it's harder to find a new job. Nearly 40% of the unemployed have been jobless for 27 weeks or more.

In reaction to a sharp pullback by consumers during the recession, Corporate America clearly has been on a strict no-fat diet, with banks, airlines and manufacturers among the more high-profile industries getting a lot skinnier. The aim is regaining what investors value most: fatter profits.

Jobs That Are Not Coming Back

- Intel's workforce is at 2003 level.
- Airlines have cut capacity, which means fewer routes and fewer flights. Total airline employment was down almost 10% through November from two years earlier, according to the Bureau of Transportation Statistics.
- Citigroup shed one-third of its employees and unloaded \$500 billion in assets.
- GE is in the process of condensing its capital-finance unit, once the locomotive of its profit. During GE's conference call on Friday, Chief Financial Officer Keith Sherin mentioned the unit's "focused shrinkage." "GE Capital," he said, "will be a smaller but more meaningful contributor in the future."

The above bullet points from the Wall Street Journal.

Layoff stories are endless, and layoffs in the public sector have barely started. Those layoffs are likely to be staggering unless Obama and Congress are willing to go much deeper in debt, specifically to bail out failed states.

The budget deficit religion in Obama's state of the union message will surely be put to the test.

4th quarter GDP numbers will give one last reason to celebrate. However, that will be the last hurrah. The next GDP report will be nothing more than a rear view mirror look of inventory rebuilding, failed stimulus plans like cash-for-clunkers, and housing tax credits.

Here's a sobering thought for all the stock market bulls: The best of this "recovery" is now likely behind us, the official unemployment rate is still over 10%, and massive layoffs are on the horizon for city and state workers across the country.

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