

**STATEMENT OF NANCY KRAKE**  
**PRESIDENT OF THE SCRANTON CENTRAL LABOR UNION**  
**TO THE JOINT COMMITTEE ON ACT 47**  
**DECEMBER 8, 2011**

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My name is Nancy Krake. I am the President of the Scranton Central Labor Union. The SCLU is comprised of forty constituent local unions who collectively represent nearly nine thousand laboring men and women throughout Northeastern Pennsylvania. I am also a lifelong employee of the City of Scranton where I currently serve as City Council Clerk. I thank you for the opportunity of presenting this position on behalf of MY members regarding this extremely important issue.

Initially, I note that the basis of our common interest in Act 47 should be obvious. We are the taxpayers who must bear the burden of increasing costs for decreasing services. It is my members and their families who are most directly affected by the inability of a municipality to balance its own books, to protect its citizens against the ravages of fire and against the criminal elements that are regrettably an ever growing portion of our population. It is my members who have become afraid to walk our streets in portions of our City and who live down the street from darkened empty fire houses that will be of little use when fire does strike our homes.

Additionally, in a broader sense, we all benefit in ways almost too numerous to mention from a government that is capable of competently maintaining its own finances. Whether my members be construction workers, industrial workers, office workers or teachers, none will thrive in their particular employment setting if our government is weighing us down. "Distressed" sends the very wrong message to prospective employers. It would take the bravest of entrepreneurs to move an operation into a municipality that cannot balance its books and that is living under the pale of seemingly perpetual "distress" status.

As we have now learned from our experience in Harrisburg, trouble within a major municipality is not restricted to that municipality, but rather spills over and negatively affects all of the towns surrounding it. Stated quite simply, a financially distressed Scranton has tentacles that extend far beyond its own borders.

We all, therefore, have a very real and material interest in an Act 47 that works. Quite clearly, the current version does not fill that bill.

The City of Scranton has been “distressed” since 1992. Throughout that entire period of time we have been assigned the Pennsylvania Economy League as our Act 47 coordinator to guide us toward recovery. Even without the Supreme Court’s recent decision involving the City, PEL reports that the City is in significantly greater “distress” at the present time than it was in 1992! How did this happen?

There is, of course, two levels of reality in dealing with any legislation – including Act 47. First, there is how it is supposed to work, and then, of course, there is how it has actually worked. The two are often very different and this matter is a clear example of such difference. I most respectfully request that this Committee spend the time and the effort to uncover and comprehend the actual truth of how Act 47 has worked in the City of Scranton.

Both DCED and the current Mayor of the City of Scranton would tell you that the major problem with Act 47 is the employees of the City. They suggest that unless and until you destroy the collective bargaining rights of employees, much as was attempted in Ohio, Act 47 will never work. Indeed, they tell you that in light of the recent Supreme Court decision, unless you strip your police officers and fire fighters of their right to engage in meaningful collective bargaining, nothing could ever be accomplished. In fact, nothing could be further from the truth.

First, let us look at some simple facts. Scranton is not the only municipality in Act 47. Chester, Johnstown and even Pittsburgh have also declared to be distressed. Nanticoke, a small City outside of Wilkes-Barre, is an Act 47 distressed city that is now ready, according to public reports, to exit that status.

All of these municipalities – except Scranton - have successfully negotiated collective bargaining agreements with their unions that reflect the reality of their finances without the bitterness and endless litigation that has come to characterize our City.

In that regard, the unions have always been willing to help. Apparently long forgotten are the sacrifices that police officers and fire fighters in Scranton made to assist their City. Back in 1992 when the City was first declared distressed, police and fire voluntarily agreed to massive cuts in their collective bargaining contracts, to permanent reductions in their conditions of employment resulting in millions of dollars of savings to the City. Subsequently the parties were able to negotiate modifications to the original agreement, that were modest in reach, but that avoided the needless confrontation that has now occurred in our City.

The difference, I suggest, is attitude. The current administration, with the willing help, guidance and encouragement of DCED and PEL, have decided to take a rigidly adversarial approach towards collective bargaining negotiations and toward the City unions in general. They decided that the City was to become the poster child for a unyielding mechanical approach to the application of a recovery plan. Any form of useful discussion disappeared. We were told - time and again - to "take it or leave it" by the Mayor, by DCED and by the coordinator.

The City's desire to battle with its employees has come at a high and wasteful cost to its citizens. In the last nine years the City has spent millions of tax dollars in legal fees to at least four separate law firms unsuccessfully assaulting the existing collective bargaining contract and the collective bargaining process. It has illegally abrogated the major element to our collective bargaining agreement and unsuccessfully challenged them in court. The most recent victory in the Supreme Court was simply one of several in which the Courts themselves have declared the City's conduct to be unlawful.

As I stated, the City did not act alone. Both DCED and PEL have encouraged and even structured this illegal conduct.

Indeed, DCED has spent millions of dollars of its own budget to provide singularly unsuccessful assistance from the Pennsylvania Economy League and, more recently, to pay high price legal talent to actually combat the Union in its own name. In the several years DCED has spent hundreds of thousands of dollars in attorneys fees directly from its own treasury – the taxpayers or the Commonwealth of Pennsylvania – to unsuccessfully fight the Unions in the name of the Commonwealth.

This was not the way that Act 47 was intended to operate. As we were told when Act 47 first appeared on the horizons of our City, the Unions were to be a “partner” in the recovery of the City. We fully recognize that, being a large portion of the budget, any recovery had to address labor costs. We accepted that fact – provided that other providers – professionals, political appointments and so on – also sacrificed. As I have already stated, we did our part; however no one else did.

As a number of fire fighters and police officers in the City of Scranton dwindled as a result of Act 47, the number of non-union employees steadily rose. In fact, two days ago our Mayor actually proposed laying off twenty nine more firefighters in order to pay for his disastrous efforts to destroy collective bargaining. As city employee ranks have been decimated and union wages were frozen and our benefits have been cut, non union employees multiplied and were given lavish increases or assigned non existent duties in order to justify \$10,000 a year increases in their wages. While public safety budgets have become static, the overall budget of the City has skyrocketed as a result of endless spending and borrowing by the Administration – with the full knowledge and encouragement of PEL and the DCED.

At the same time, employees have been systematically excluded from the recovery process. The “partnership” that we were promised disappeared almost immediately after the concessions in 1993. In the place of the spirit of collegiality that we were promised and assured would exist, we have been confronted with a DCED and PEL that views the Unions as being a little more than a needless and useless irritation that can be freely ignored.

Notwithstanding what we feel has been the clear betrayal of the unions perpetrated by PEL and DCED, we have nonetheless attempted to negotiate with the City – with the City administration – in an effort to amicably resolve our differences. On three separate occasions in the past we have presented written proposals to the City that would have significantly modified – cut in half – the liability that the City now faces. The Unions were not even given the courtesy of a reply except to be told that – unlike Pittsburgh, Chester, Johnstown and Nanticoke, that the recovery plan must be adhered with no limitation, exception or deviation.

Year after year, decade after decade have come and gone in the City of Scranton and nothing has happened. The State has continued to pour millions of dollars of taxpayers' money into the City with absolutely not a scintilla of progress being evident. We are now facing \$300 million dollars in long term debt, police officers buying their own cars, 60% to 70% of the fire stations and apparatus being taken out of service, and the budgets of City authorities whose bonds are near default. And no “recovery” is anywhere our future.

This, we are told, is the employees' fault. I most respectfully suggest that you can either blindly believe that baseless assertion or look at the facts yourself. Act 47 has become a bottomless pit into which it is easy to fall and impossible to exit. Indeed, the Mayor of Johnstown was quoted as saying that he will never Act 47 because it is his only protection against the Union's within a City. That I suggest was not the purpose of Act 47, is not the purpose of Act 47 and should not be the purpose of Act 47.

As others have stated, unions are not the enemy. They have demonstrated again and again that they will work with a City that will work with them. However where the City spends millions of dollars to unsuccessfully attack collective bargaining agreements and the Commonwealth spends yet millions more in that same venture, it becomes very difficult for the employees to view themselves as being in a “partnership” as we were originally promised.

I only ask that you not view organized labor as being the enemy of progress in this Commonwealth. Look at the actual facts in Scranton. The City's current difficulties are of its own making. It along with DCED and PEL decided that attacking was better than talking, that spending millions of taxpayer monies on armies lawyers was better than trying to find a solution and that it could no loose a case when it has never won one. A Union cannot bargain with itself. As long as Act 47 excludes organized labor from the table, it cannot work. Unions are not the problem, they are the solution – if you would only let that happen.

It is, therefore, my humble request to this Committee that you consider revising Act 47 to provide the Unions and municipal employees with a meaningful substantive role in the Act 47 recovery. As currently structured and as applied by your DCED, they are now excluded as an unnecessary appendage. They are ignored, insulted, and unappreciated. The recovery of Act 47 municipality will never be achieved through fear, intimidation and threats such as occurred in Scranton in the last eight years. The Union's and its members are not the enemy. We are partners in a venture that will ultimately work to the mutually benefit of all.

On the other hand if Act 47 and DCED continue to make organized labor the enemy, it will, of necessity, become the enemy. Compare Chester or Pittsburgh or Nanticoke or Johnstown to the last eight years in Scranton to see how well that works and which course is the wiser and more productive for all to follow.

Thank you.