

California: Budget crisis hits state employees with layoffs, unpaid furloughs

D. Lencho, Dan Conway
27 December 2008

California's Governor Arnold Schwarzenegger has used the state's budget crisis as justification for a ruthless assault on the state's working class. Recent projections have raised the state's budget deficit to an historic high of \$40.8 billion. Members of the Democrat-controlled state legislature, meanwhile, are fully complicit in these attacks, as evinced by their recent deficit-addressing proposal which contains over \$7.3 billion in social spending cuts.

The governor, however, chose to exercise quasi-dictatorial authority in enacting punitive measures when the terms of the legislature's proposal did not match his own.

Last Friday, Schwarzenegger issued an executive order which asked for state agencies to cut payrolls by 10 percent, while forcing over 238,000 state workers to take two-day unpaid furloughs each month. State employee unions have pointed out that this would translate into a 9 percent pay cut. The order also freezes all new hiring at the state level.

The California budget crisis of fiscal year 2008-2009 is turning into a major source of rising joblessness in the state. In addition to the state employee layoffs and furloughs mentioned above, 200,000 workers are now projected to lose their jobs as a result of the halting of funds to state infrastructure projects, while 22,000 part-time employees already lost their jobs last August due to a previous executive order.

California is also experiencing a drastic rise in unemployment across virtually every other sector of the economy. The state's unemployment rate jumped from

8.2 percent to 8.4 percent between October and November, with the rate projected to increase even further in the coming months.

The jobless lines have lengthened dramatically during the past year, as California's unemployment rate stood at only 5.7 percent in November 2007. In terms of absolute numbers, a net total of 512,000 Californians lost their jobs during the past twelve months, a huge portion of the 1,562,000 people now unemployed statewide. These numbers, however, do not account for those underemployed or those who have stopped actively looking for jobs, which would make the figures far higher.

While hundreds of thousands continue to lose their jobs, the budget crisis has dried up state unemployment insurance funds, which, according to recent projections, will be \$2.4 billion in the red by the end of 2009.

Homeowners are also struggling, with a combined delinquent payment/foreclosure rate of over 10 percent, the highest in the nation. As earnings have stagnated or fallen, many working families have only stayed afloat by borrowing against the equity of their homes. The fall in housing values has, in effect, destroyed this means of providing basic necessities and a decent standard of living.

Schwarzenegger's order came out the day after he said he would veto the Democrats' latest budget, claiming it did not go far enough to stimulate the economy. The Democrats' proposal includes \$7.3 billion in cuts from schools, healthcare and other programs along with nearly \$1.5 billion in labor concessions, to which the state's labor union

bureaucracy is expected to agree.

In a show of contempt for any kind of legislative oversight or democratic rights in general, Schwarzenegger recently declared that he "even proposed to [the legislators] that they should pass a law to give me all the power for one hour, I'd make all the decisions so that they don't have to be blamed for anything." The Democrats' timorous reaction to such browbeating was typified by State Assembly Speaker Karen Bass's statement that "I am hoping that the governor over these next few days will really reconsider saying he will veto the budget."

The Democrats' plan also includes \$9.3 billion in new revenues including increases in income and sales taxes along with a surcharge to the 2009 state income tax bill, regressive measures that will hit middle- and low-income families the hardest. State Republican representatives oppose any tax increases, insisting instead on more cuts to social services.

The Democrats were able to circumvent the Republicans' opposition by offsetting the new revenues with a cancellation of the gasoline tax. The questionable maneuver was meant to override the two-thirds majority rule which the state's constitution requires to raise new taxes. Schwarzenegger, for his part, wants an additional \$1.2 billion slashed from state workforce and welfare programs.

The Service Employees International Union (SEIU), which represents the vast majority of state workers about to lose their jobs, has not attempted to mobilize its members beyond urging them to send letters and emails to their state representatives. According to an article on the California State Employees Association (CSEA) web site, the SEIU, which is the parent union of the CSEA, "will file an 'unfair practice' charge against the Governor with the Public Employee Relations Board. The charge will be made on the grounds that Governor Schwarzenegger violated the collective bargaining agreement by not negotiating with state workers before issuing the executive order."

The union has no intention of mobilizing state employees and other sections of workers in a struggle

to defeat these attacks. It accepts that its members must accept concessions and shoulder the burden of a financial crisis that they did nothing to create. The bureaucracy insists merely that Schwarzenegger utilize its services in imposing these cuts on the workers it purports to represent.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact