

California Governor Schwarzenegger promises billions more in cuts

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14 January 2010

On January 8, California Governor Arnold Schwarzenegger unveiled his plans for addressing the state's now \$20 billion budget deficit, which will involve a further massive attack on the working class.

Schwarzenegger has coupled his proposals with an appeal to the federal government for \$6.9 billion in aid. There are already clear signs that the Obama administration, backed by Democratic politicians in Congress, is preparing to reject this plea. Speaking on behalf of the financial and corporate elite, the federal government is determined to see state budget deficits throughout the country resolved through drastic cuts in social programs and education.

If the federal funds are not forthcoming, Schwarzenegger is proposing unprecedented cuts in the state's social safety net, including the elimination of the state welfare program.

California faced a total \$70 billion shortfall last year, and the state government in Sacramento gutted around \$30 billion from its budget in 2009 alone. The Democratic Party-controlled legislature will work closely with the Republican Schwarzenegger in enforcing the new round of cuts, as it did last year.

Schwarzenegger's so-called "budget solutions" include cuts in social programs that cater to school children, university students, recent immigrants, the unemployed, the elderly, the disabled, and the severely ill. Of the spending reductions he has proposed, 34 percent would target health and human services programs, and just under 29 percent would hit public education and child development programs.

In addition, state employee compensation, corrections and rehabilitations programs, and other areas of state government would respectively account for about 19 percent, 14 percent, and 4 percent of the decline in treasury outlays.

A sample of the Governor's proposals include:

- A 15 percent pay cut in the wages of state employees.

In place of the current mandatory unpaid furloughs from last year's budget cuts, state workers will simply have to work for less, while making up for those who have been laid off.

- An additional \$2.43 billion worth of cuts in public education through fiscal year 2010-2011. The Governor has proposed allowing school districts to lay off, reassign, or transfer teachers without regard to seniority, and decrease the mandatory teacher layoff notification period to 60 days.

- A reduction in the state's Medi-Cal program, which provides health insurance to low-income residents. Upwards of \$1 billion is to be cut from the program through the elimination of eligibility for immigrants who have lived in the US for less than five years, the reduction of adult daycare to only three days per week, a decrease in reimbursements for family planning and abortion services, and a general increase in both co-payments and premiums for Medi-Cal recipients.

- The elimination of approximately 240,000 children from the state's Healthy Families program. Vision benefits will be eliminated and premiums will be increased for still-eligible participants.

- A reduction in state welfare payments by almost 16 percent. Support for immigrants living in the state for less than five years would entirely disappear.

- A decrease in payments through the Supplemental Security Income and State Supplementary Payment Program (SSI/SSP) to the minimum required by law.

- The elimination of the California Food Assistance program, which provides nutritional benefits to legal immigrants who are not eligible for federal food stamp benefits.

Schwarzenegger has warned that if federal aid is not forthcoming, he will push for the complete elimination of

the CalWORKS, IHSS, and Healthy Family Programs, the ending of financing for enrollment growth at the state's higher public education system, and a further reduction in state workers' salaries by 5 percent.

These measures would, however, only save the state another \$4.6 billion, more than \$2 billion short of what it is requesting from Washington.

While the Obama administration has yet to formally deliver an answer, the *Washington Post* reported on Sunday, "Some administration officials and lawmakers on Capitol Hill were skeptical that the federal government would provide a bailout to close California's budget gap, partly because it would set off a cascade of demands from other states."

The Obama administration rejected similar requests last year, even as it handed out trillions to the banks and spent hundreds of billions to fund the US military.

Some of California's own congressional delegates have taken the lead in opposing any federal assistance. California Democrat and House Speaker Nancy Pelosi has stated that any aid would create a dangerous precedent for the federal government.

California Democratic Senator Diane Feinstein insisted, "California's budget crisis was created in Sacramento, not Washington. These problems are not going away until there is a wholesale reform of the state's budget process."

The latest round of cuts will deepen what is already a severe economic and social crisis, and the governor's office is projecting similar budget crises well into fiscal year 2012-2013, despite the fact that the recession was declared officially over as of the fourth quarter of last year.

Official joblessness currently stands at 12.3 percent, with most projections estimating that double-digit employment will last at least two more years. More than 500,000 homes went into foreclosure in the state between June 2008 and November 2009, while personal bankruptcy filings increased by 58 percent in 2009.

A few days prior to announcing his budget proposals on January 8, the governor delivered his last annual State of the State speech in which, while saying little of substance, he announced his endorsement of other reactionary measures, in particular an education "reform" bill (which he has since signed into effect) and a fundamental restructuring of the state's tax code.

The education legislation allows for the expansion of charter schools and links teacher evaluation to student performance. This is a precursor to merit pay and a means of undermining job security as conditions in the public

schools worsen due to funding reductions. The legislation was passed in the hope that it would qualify California schools to compete for the pittance being offered by the Obama administration's "Race to the Top" initiative.

The Governor also promised to seriously consider proposals advanced by a group known as the Commission on the 21st Century Economy, (See: "California's Gov. Schwarzenegger seeks new breaks for the rich"). These measures include a reduction in the number of income tax brackets from seven to two. Under the plan, an individual who makes \$1,000,000 per year in income, for example, would see their state tax obligations be reduced by \$36,000 per year.

The proposals advanced by the governor over the last week reveal the class character of his and the state legislature's solutions to the ongoing budget crisis, which is being used to enact changes that could not be imposed under normal conditions. It is also serving as a means to advance the financial positions of the state's wealthiest residents and big business, whose collective assets could easily resolve the state's budget crisis many times over.

According to *Forbes* magazine, in 2009 California was home to 94 of the world's richest 400 people. The poorest of these state residents has a net worth of \$1 billion.

The austerity policies already enacted by Sacramento and thus under preparation are deeply unpopular. There is absolutely no mandate within the broader population for what is being done. The governor's approval rating stands in the mid-20s and that of the state legislature is even lower. Last year, California's public universities erupted in widespread protests against large fee hikes.

The unrelenting attack on the working class in California, backed by the Obama administration and the federal government, is setting the stage for immense social protests in the coming months.



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