

US: Georgia legislators prepare deep budget cuts

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9 March 2010

Faced with an estimated increase in the budget deficit of over \$1 billion for the 2011 fiscal year beginning July 1, Georgia state legislators are preparing to impose widespread cuts in education, transportation and health care, all of which are to be borne by the state's working class, students and the poor.

Given the severity of the ongoing economic crisis and a bleaker outlook for economic activity in the coming years, even this estimated budget shortfall could to prove optimistic given that the budget deficit for current fiscal year that began last July 1 is \$1.4 billion.

For the upcoming financial year, the Georgia university system has been asked to make an additional \$300 million in cuts on top of an already scheduled \$265 million reduction. Republican Governor Sonny Perdue has threatened to block the legislators' attempt to impose further cuts on the university system. But given the basic political agreement between him and the Republican-dominated legislature, it is likely that he will, at the very least, partially cave in to the more extreme elements within his party.

The university system had been ordered to submit its plan for the \$300 million in additional budget cuts by February 26. But the time allotted was so short that the presidents of the 35 colleges and universities in the state system were only able to submit their plans by March 1.

From what has been released of the plans submitted by university and college presidents, if the cuts are fully implemented this could result in the layoff of around 4,000 permanent staff and faculty and the wholesale elimination of programs and departments. Students in the middle of their undergraduate programs could also be prevented from graduating in their enrolled majors.

So deep are the proposed cuts that the reverberations

would be felt far beyond the campuses. Among the recommendations are closing of the Brookhaven satellite campus of Georgia State University, the elimination of the University of Georgia's 4-H program that teaches various skills to 156,000 youth ages 9 to 19, closing of around half of university extension offices that provide various agriculture-related services to farmers, and the elimination of entire departments leaving currently enrolled students in limbo.

Further plans include admitting fewer students to various public universities and colleges, complete elimination of certain majors and tuition fee increases.

If the gap were to be met by a tuition fee increase alone, it is estimated that fees would have to increase by 77 percent, dwarfing the recently imposed hike of 32 percent on students in the California university system. While it is unlikely that tuition fees would be increased by such a large amount, the estimated increase is an indication of the staggering scale of the slated budget reductions.

Similarly, the taxpayer subsidized MARTA (Metro Atlanta Rapid Transit Authority) public transportation system is also facing steep cutbacks due to its current \$120 million deficit. Several bus routes are to be eliminated altogether and service on many other routes severely curtailed.

Many working people in the Metro Atlanta area depend on buses and trains as their primary mode of transportation. Fully a quarter of the service provided by MARTA is under serious threat of being eliminated. Such cutbacks will severely handicap tens of thousands of people with incomes barely enough to make ends meet.

The Medicaid health care program for the poor and disabled has suffered a \$489 million cut, a 23 percent

reduction from 2009. Governor Perdue has proposed a budget of \$18.2 billion for the 2011 fiscal year, but this proposal is based on an assumption that tax revenues will increase by over 4.2 percent. Such revenue increases are unlikely given the current economic climate.

Revenue collection for the first six months of the current fiscal year is already down by 12.9 percent, with income tax collection down 12.3 percent, sales tax collection down 13.7 percent, and corporate taxes down 16.5 percent. Because of this, the governor has proposed a reduction of \$1.2 billion in the planned outlays of \$17.4 billion for Medicaid for the fiscal 2010 budget.

The Georgia state legislature, dominated by extreme-right elements, will not consider any tax increases for the wealthy. With Georgia's five billionaires worth a combined \$18 billion, a progressive tax on their wealth and income at an appropriate rate could easily fill the state's budget gap for the foreseeable future.

Georgia's income tax structure is so backward that when scrutinized appears to be a relic of the past. There are only five income tax brackets, with the lowest bracket for annual incomes of up to \$750. People with incomes at this level must pay 1 percent in taxes, and the tax is increased by 1 percent for each tax bracket thereafter, reaching the highest rate of 6 percent for incomes of more than \$7,001. Thus people making an income of slightly over \$7,000 pay the same percentage rate in income taxes as persons making tens of millions of dollars.

Republican legislators, with barely a challenge from Democrats, keep peddling their standard rationale that it is bad to raise taxes on the rich during a recession as it will inhibit the creation of jobs. No such reticence is displayed when imposing regressive tax increases, such as a special sales tax or cigarette tax, which are predominantly borne by working people.

Eight lower-ranking Democratic legislators in late February held a news conference to urge an increase in income taxes for people earning over \$400,000 and also proposed elimination of tax-credits put in place to spur "job-creation." Even these modest proposals are being blocked by Democratic Party leadership in the state House and Senate.

Leading the charge for the cuts is the Christian fundamentalist and anti-immigrant demagogue,

Republican Senate Majority leader Chip Rogers from Woodstock, Georgia. Just one week ago he was quoted as saying that the state employees are facing "massive layoffs." He continued, "We are not looking at any tax increases at all, we are looking at cuts, cuts, cuts."

While he repeats this "no tax increase" rant, he has been behind several tax giveaways for the rich. The fact that right-wing fanatics such as Rogers dominate decision making in the state lends an air of looming catastrophe to Georgia's future.



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