

California Governor outlines new budget austerity program

Dan Conway
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On Friday, California Governor Arnold Schwarzenegger delivered his “May Budget Revise”, setting guidelines for the state legislature to address the state’s budget deficit prior to the start of the next fiscal year on July 1.

Schwarzenegger’s plans involve, in his own words, “absolutely terrible cuts” to vulnerable sections of the poor and working class. The Governor’s proposals include the complete elimination of the state’s Welfare to Work program, which provides monthly payments of \$694 to unemployed individuals who participate in job training programs. The program’s elimination will affect 1.4 million people, approximately two-thirds of whom are children.

In addition to the \$1.1 billion to be gained through the elimination of CalWorks, Schwarzenegger hopes to make reductions in the following areas:

- * \$750 million in cuts to the state’s In Home Support Services program (IHSS) which provides a minimal level of funding to allow poorer residents to take care of disabled family members.

- * \$532 million is to be cut from the state’s Medi-Cal program providing health care assistance to the unemployed and indigent. The funding will be reduced by reducing eligibility, limiting doctor’s visits to ten per year, reducing funding for hearing aids and other medical equipment and by increasing co-pays.

- * \$602 million is to be cut from the state’s Food Stamp Program.

- * An overall funding cut of sixty percent to state-provided mental health programs.

- * \$15 million is to be cut from the Healthy Families program which provides medical assistance to nearly 700,000 thousand children from low-income families.

- * \$1.2 billion from the state’s prison system by cutting funds to inmate health care and shifting a portion of the state inmate population to county, rather than state jails.

- * \$1.6 billion to be gained through a five percent reduction in the overall state payroll along with five percent wage cuts for every individual state worker to pay five percent increases in pension contributions. The overall 15 percent cut will replace the three unpaid furlough days per month which workers are currently required to take, however Schwarzenegger’s proposal also includes a new one-day-per-month furlough, raising the overall effective pay cut for state workers to approximately 20 percent.

* A funding freeze on public education including for K-12, community colleges and universities system.

The Governor’s plan, which reduces spending by \$12.4 billion, also depends on the receipt of \$3.4 billion in federal funds along with \$3.3 billion from other sources, including the hoped-for sale of 24 state office buildings and revenues gained through the raiding of various local funding sources.

Schwarzenegger’s last proposal to deal with the state’s now \$19 billion deficit was delivered last January. The current proposals are very much in line with what Schwarzenegger promised then. If, the governor said, \$6.4 billion of federal aid to assist with the state’s deficit reduction efforts was not forthcoming, he would push for the elimination of those programs which are now on the chopping block, including CalWorks IHSS and the Healthy Families program. (See: “California Governor Schwarzenegger promises billions more in cuts”)

In contrast to his earlier plan however, the Governor is no longer proposing the early release of prison inmates incarcerated for non-violent offenses.

The Obama administration, for its part, has rejected out-of-hand any financial support for the state. Washington reasons that providing aid to the state, however minimal, would set a dangerous precedent for all the other states in the country experiencing massive shortfalls of their own. Similar reasoning, needless to say, was not employed when the large banks, which precipitated the collapse of the US and international financial markets, asked for multi-billion dollar bailouts from the government.

California, however, does hope to gain approximately \$3 billion in increased federal contributions to the state’s Medi-Cal program by waiving various regulations currently required by law. The increased contribution, however, is contingent upon federal approval of Medi-Cal service waivers along with the imposition of quality assurance fees on hospitals and clinics offering such services.

Aside from the relatively modest federal aid and massive spending cuts, the Governor’s budget proposals include no meaningful sources of revenue except for the increased

enforcement of traffic violation penalties, along with plans to modernize and increase participation in the state's lottery system. Should the legislature, and later on state voters, approve the Governor's lottery plan, his office estimates that it would bring in an additional \$15 billion in revenue over the next three years.

Moreover, Schwarzenegger has made it clear that whatever new revenues are to be gained through these mechanisms will not be used to restore funding to social programs but instead will be placed into a "rainy day" fund. He has pledged that the measure would help the state avoid what is being called a "feast or famine cycle" wherein the state supposedly spends irresponsibly on social programs and infrastructure during years of budget surplus and thus finds it necessary to eliminate or cut from these programs once the economy sours.

What the imposition of a rainy day fund represents, therefore, is an attempt to establish the permanence of budget cuts and austerity.

While Schwarzenegger has publicly lamented having to make cuts to social programs, he has repeatedly claimed that such cutting is required for the state to "live within its means."

The Governor reiterated his position in a question and answer session last Friday in the following exchange with a reporter.

Question: "Governor, you said you would be seeking additional cuts in Health and Human Services. And I'm wondering, how do you justify that when the economy is not doing well and the demand for government programs is going up?"

Schwarzenegger replied: "Well, I think that you said it. Because the economy is not doing well and because we have a broken budget system we don't have more money. We have to live within our means. That's what I need to do in my business, that's what I need to do in my family. We have to live within our means."

For Schwarzenegger, living within his means apparently involves commuting to work every morning in his own private jet.

The Governor continued, "Everyone has to tighten their belts. Local government has to tighten their belts, we have to tighten our belts. We have to recognize there's only so much money."

Schwarzenegger also likened the situation facing California to that facing Greece, Ireland, Spain and other countries enacting austerity measures. "You see what is happening in Greece, you see what is happening in Ireland, you see what is happening in Spain now. And everyone has to go and look at it and say we've got to go and come to the realization that we can't continue spending money and promise people things that we can't keep. That's all the revenues we have."

As in Greece, Ireland and Spain, working people in California are being made to suffer for a crisis which is not of their making.

Also, as in those countries, the wealth of the richest one percent of the population is to remain completely inviolate.

The Democrats in Sacramento, for their part, have made use of the absence of actual budget negotiations to denounce the Schwarzenegger's plans, using oppositional-sounding rhetoric which costs them nothing. According to State Senate President Darrel Steinberg, "The cuts are absolutely unacceptable." Senator Denise Ducheny of San Diego said that under the Governor's plan, "children have no value, but corporate tax breaks that do not exist today have greater value than the children of California."

There can be no doubt however, that the state Democrats will, in the end, fully agree to massive austerity measures in one form or another. The Democrats, no less than the Republicans, represent the interests of the financial elite who demand further sacrifice from the broad masses of the population.

Whatever the outcome of the budget negotiations this summer, the measures ultimately passed will involve massive attacks on their living standards will not be reversed.

The most urgent and pressing task facing the working people in California is the formation of their own independent organizations to fight these cutbacks and unite their struggles with those of workers across the US and internationally. The Socialist Equality Party calls for the independent political mobilization of working people to oppose wage cuts, layoffs and the on-going decimation of social services. Above all, workers should contact the Socialist Equality Party to begin the process of fighting back against these austerity measures.

Attend a SEP public meeting in Pasadena this coming Saturday, May 22.

The California Budget and the Social Crisis in California
Saturday, May 22, 4:00pm – 6:30pm
The Neighborhood Unitarian Universalist Church of Pasadena
301 North Orange Grove Boulevard
Room 21
Pasadena, CA 91103



To contact the WSWS and the
Socialist Equality Party visit:
wsws.org/contact