

New York governor plans furloughs for 100,000 state workers

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On Monday, several thousand union members rallied outside of the State Capitol in Albany as well as at a number of other locations around the state of New York to protest Governor David Paterson's plan to furlough 100,000 state workers one day a week until the new state budget is passed.

The government of the State of New York is suffering from near-total political paralysis. The state budget for the 2010-2011 fiscal year, due on first of April, is now more than a month late, and there are no discernable signs that this situation will change any time soon. This is not the first time that the state budget has been late, but the current economic crisis has led to a virtual halt in the budgetary process.

A substantial portion of state tax revenue in past decades has come from financial activity on Wall Street and the support it gave to the region's economy. That revenue has diminished significantly since the onset of the financial crisis.

The recent rebound in profits and bonuses in the financial sector has had little effect on the larger economy. This has resulted in a precipitous decline in revenue for the state while the need for social services grows. The legislative and executive branches of government are haggling over how to apportion sufficient budget cuts to make up for a \$9.2 billion deficit in the fiscal year that has already begun.

Since the governor first announced his proposed 2010-2011 state budget in January, the projected deficit has ballooned from \$7.4 billion to a current estimate of more than \$9 billion and is continuing to grow. In addition to a raft of proposed cuts in social, educational and medical services, Governor Paterson has demanded that a 4 percent pay increase for state workers included in the current contract with public employee unions be rescinded. The leaderships of the two main unions, the Civil Service Employees Union (CSEA) and the Public

Employees Federation (PEF), have refused to reopen their contracts to permit this change. The governor, in turn, has unilaterally withheld the pay increase until the new state budget is enacted. The unions are suing him for breach of contract.

Over the last few months, Paterson has proposed a number of additional measures aimed at cutting labor costs by a total of \$250 million, including a pay freeze on state employees and withholding a week's pay until retirement. Union leaders have responded with proposed cost-saving measures of their own. Neither side has accepted the other's proposals.

The governor has now taken unilateral action. "Because unions have not accepted any proposals to achieve necessary savings, I am left with no other choice but to move forward with this plan [the furloughs]," he said. "I do not take this action lightly, but it is necessary given the unions' unwillingness to make any sacrifices, and I will do whatever is necessary to protect New York's finances."

Since the beginning of April, after the deadline for enacting the new budget, the state government has continued to function by the use of emergency appropriations bills on a week-to-week basis. It is projected that the state will run out of money entirely sometime in June. In an attempt to pressure both the legislature and the public employee unions, this past Thursday Governor Paterson announced that in next week's bill, which must be approved by the legislature, he will include a provision to furlough approximately 100,000 state employees one day a week until a new budget is in place. This furlough would amount to a 20 percent pay cut for as long as it is in force and is projected to save the state \$30 million a week. This is a permanent loss of pay. The legislature can only accept or reject, but not alter, the emergency appropriations bill.

The response by the CSEA and PEF to the prospect of

furloughs has been to threaten protest marches and legal action. In its call for Monday's rally against the proposed furloughs, the PEF stated, "We will rally, we will follow him [the governor] around the state, and we will sue him in court." The basis for legal action will be that the governor is violating the existing union contracts. The CSEA appealed to good "business ethics" to counter the governor's action. In a statement released on May 7, the union's president, Danny Donohue, affirms that, "Any business person should understand that a contract is a contract and once you open one you can never again bargain in good faith."

Leaders in the state legislature, including so-called friends of labor such as Assembly Speaker Democrat Sheldon Silver have said that they are powerless to stop the governor's move because the state employees are under the jurisdiction of the executive branch, and furthermore, to vote down the emergency spending measure would cause an immediate shutdown of state government.

The union leaders are bowing to this argument. Gannett news service quotes Flo Tripi, Western Region president of the CSEA, as complaining, "Do we make noise in the legislature and say to the legislators 'we don't want you to vote for this bill because it has furloughs in it for our employees' when in the same sense what that bill then does (by not being approved) is shut down Government in New York State? He's [Paterson] got us in a box and we're damned if we do and damned if we don't."

The emergency budget measure, including the furloughs, was passed by both houses of the legislature on Monday evening.

Some state legislators in New York have been reluctant to go against the public employee unions, whose leaderships have provided significant support in the past. The CSEA alone represents 250,000 members. However, the capitalist politicians, including the Democrats, are far more wary of doing anything contrary to the interests of the Wall Street financial elite. All sides have ruled out any proposals for significant tax increases on the wealthy.

A 20 percent cut in pay will not only have a substantial impact on state workers and their families, but will have a significant ripple effect on local communities. That is especially true in Albany, the state capital, and the surrounding region, where a large number of state employees are concentrated.

This latest attack, to be followed by more-severe measures when the new state budget is enacted, is part of a continuously deepening drive to make the working

people pay for the state's protracted fiscal crisis. According to the PEF, "The state workforce has been reduced by 4,500 positions since 2008 and 30,000 positions since 1990." Last year, state employee unions agreed to the creation of a new, fifth tier in the pension system, with considerably reduced benefits for new hires, in return for a pledge from the governor of no layoffs for the rest of his term.

Despite such concessions, the bourgeois press and political commentators are mounting an ever more virulent campaign with the theme that state workers should be willing to make sacrifices and share the pain during a period of crisis.

Typical is a recent editorial in *The Buffalo News* that states: "New Yorkers by the millions have taken it on the chin—and in the wallet—during this steep downturn. They have given up raises, suffered layoffs, forfeited benefits and more in an effort to protect their jobs and even the health of their employers. Paterson and, we dare say, most New Yorkers don't see why New York needs an exempted elite whose refusal to compromise threatens to make matters worse for the taxpayers who foot the bill."

The reliance by the leaders of the CSEA, PEF, and other public worker unions on political lobbying and appeals to the sanctity of contracts will only serve to isolate public employees from the rest of the working class and allow such attacks to go unchallenged.

Lieutenant Governor Richard Ravitch was recently quoted in the *New York Times* as projecting a \$15 billion deficit in next year's state budget. He further stated that this recession was not like past cycles in which relatively quick economic recoveries provided the resources to compensate for short-term government deficits.

Ravitch has experience in such matters, having been a key figure in the "rescue" of New York City from near bankruptcy during the 1970s. Clearly, he is warning both capitalist politicians and union bureaucrats that there will be no return to business as usual. With the federal stimulus money largely gone and an adamant refusal to raise taxes on the wealthy, the attacks on public sector workers will only become deeper and more adamant.



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