

California budget cuts billions from social programs

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The US state of California last week passed a budget for fiscal year 2010-2011 that includes more severe austerity measures against the poor and working class. The agreement came 100 days after the end of the fiscal year, the longest delay on record.

The budget was initially passed by the state assembly and senate early Friday morning and was approved by Governor Arnold Schwarzenegger the same day. Schwarzenegger implemented nearly \$1 billion in additional spending cuts by exercising his line item veto power.

The budget includes approximately \$7.8 billion in spending cuts, including:

- \$3.8 billion in reduced and deferred payments to K-12 education and community colleges. This is despite claims by the governor's office that the latest budget protects public education. Over the past two years, over \$17 billion has been cut from public education in California, and more than 30,000 public school teachers and support staff have lost their jobs.

- \$1.6 billion in payroll and benefit reductions for state employees. State workers have already suffered from mass layoffs and an effective 15 percent cut in pay over the past 15 months from unpaid furlough days.

- An \$800 million reduction in prison medical care. To compensate for this loss, the governor has promised to release low risk inmates in need of medical attention. How the inmates will receive medical care outside of prison walls was not specified by the governor's office.

- \$300 million in reductions to the In-Home Support Services program, which provides funding for residents to care for sick and disabled family members. The cuts will come by imposing a 3.6 percent reduction in caregiver hours and reducing caseloads.

- \$256 million from "Stage 3" of the CalWORKS

welfare-to-work program, which provides subsidized child care. The reductions will go into effect on November 1.

- \$200 million from the state's MediCal program, which provides medical insurance to low income residents. The reductions will be achieved through decreased enrollment.

- \$133 million from mental health services for special education students.

- Nearly \$60 million from AIDS treatment and prevention programs.

Additional cuts were made to community health clinics, community-based services for senior citizens, prostate cancer treatment programs and substance abuse services.

Reflecting on the cuts to child care services and CalWORKS, Nancy Berlin, director of California Partnership, a statewide coalition of advocates for the poor, said: "These people have no place else to go. We're telling them, [welfare recipients] to go out and work, and we're going to make it harder to do that by taking their child care away from them."

The budget also relies on overly rosy revenue estimates, along with an anticipated \$5.8 billion in assistance from the federal government—assistance that is unlikely to ever materialize. The Obama administration has ruled out any aid to help states close their budget gaps despite offering trillions to bail out the banks.

Given these optimistic projections, it is almost certain that massive deficits will reoccur in the next fiscal year. Both the Republican and Democratic candidates for governor—Meg Whitman and Jerry Brown—have pledged to carry out the cuts necessary to balance the budget.

The budget exposes the repeated assurances from

Sacramento that regardless of how deep and broad the cuts, public education would be spared. The Schwarzenegger administration has claimed that the Proposition 98 funding guarantee has been left untouched. The proposition, which was passed by voters in 1998, allocates a minimum level of funding in years of weak economic growth based on previous years' funding, along with adjustments for increased school enrollment.

In terms of absolute spending, the governor's claim is true, as spending on Proposition 98 for the current year's budget is approximately \$49.6 billion, which represents an increase of \$115 million over the previous year. According to the state legislative analyst's office, however, the minimum funding guarantee should actually be \$53.8 billion, due to increases in student enrollment. In other words, the current budget spends less on a per-child basis.

In addition, the budget also does not include a "settle up" obligation of \$1.8 billion, which was the amount of funding still owed to public schools under the Proposition 98 guarantee, and which wasn't paid out during the 2009-2010 fiscal year.

The budget also includes massive cuts in state worker pensions, which the governor demanded as a precondition for passage. In a press conference in Fresno delivered after the budget passed, the governor called state worker pensions, "the silent thief of our treasury, robbing other programs" such as education and health care.

The Service Employees International Union (SEIU) the largest state employee union, played an indispensable role in facilitating the cuts.

The agreement reached with the union includes a one time 3 percent wage increase. In exchange for this very modest rise in salary, workers will see their pension contributions increase by 3 percent on a yearly basis, along with a five-year increase in the minimum retirement age.

In the most brazenly cynical fashion, the union claims that the agreement protects the membership from additional unpaid furlough days. However, it includes, according to the union summary, a provision for "12 personal leave days in exchange for a one-time, 12 month, 4.62 percent decrease in pay." This statement comes only a few paragraphs down from the claim that the contract includes a 3 percent pay increase.

A 4.62 percent decrease in pay is equivalent to about one day per month. In other words, this agreement amounts to a one-day per month unpaid furlough—under the guise of a "personal day"!

The contract also includes a provision to calculate pensions based on the last three years of employment, rather than an employee's highest paid year of employment. This measure was absolutely crucial from the standpoint of the ruling elite as it insures that as more wage cuts and unpaid furloughs are made to state workers, the state will therefore be able to pay the newly retired the most miserly pensions possible.



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