California state workers' union pushes through cuts in pay and pensions

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The Service Employees International Union (SEIU) in California has pushed through an agreement that will reduce pay and pension benefits for state and city workers. The contract, which was approved just one week after the elections, is an indication of the type of austerity measures that will be imposed—with the complicity of the unions—throughout the state and across the US.

The 95,000 workers in the union voted to accept the cuts on November 9 after the SEIU and the state government presented a yes vote as the only way to avoid furloughs.

Effective immediately, all workers' retirement contributions will increase by 3 percent. The contract establishes a two-tiered pension system, effectively raising the retirement age for new hires. Current employees will be able to retire at 55 with pensions equal to 2 percent of their pay for every year they work. New hires will not be eligible for this option until they are 60.

The SEIU is touting as a major accomplishment a supposed one-year prohibition on furlough days written into the contract. Yet, workers will take a 4.62 percent pay cut that comes with 12 mandatory days off per year. Far from putting an end to furlough days, this contract has effectively institutionalized them.

With budget shortfalls on the horizon for the foreseeable future in California, further furloughs for state workers will almost certainly be an option on the table at the end of the one-year period.

California, the epicenter of the housing crisis that precipitated the global financial crash of 2008, has faced budget deficits in the tens of billions of dollars for three consecutive years. The Democrats and the Republicans, along with the media, are collaborating in an effort to scapegoat workers' pensions for the ongoing fiscal crises.

These efforts are in line with a national strategy, spearheaded by President Barack Obama, to gut social services. The recent elections mark a rightward shift in the political establishment under conditions of growing social misery for the vast majority of the population. Obama has established a bipartisan budget deficit panel in the attempt to push through, with Republican Party support, across-the-board cuts to social services, including Social Security and Medicare.

The SEIU contract demonstrates the crucial role that the unions will play in forcing austerity measures on the working class. SEIU bureaucrats are applauding themselves for ratifying a contract that saves the state $400 million. "We've done our part to get the state through this unprecedented budget crisis," said SEIU Local 1000 President Yvonne Walker.

The primary goal for SEIU officials is in line with that of Republican Governor Arnold Schwarzenegger and the Democrats who control the state legislature: to shift the costs of the recession onto the backs of workers. The union entirely accepts the framework of the debate in Sacramento—and the rejection by both parties of any measures that would cut into the wealth of the ruling elite in the state.

Meanwhile, the budget deficit continues to grow beyond expectation. Governor Arnold Schwarzenegger has called an emergency session of the incoming legislature to come up with more cuts to address the state's projected $25.4 billion budget shortfall for the next fiscal year. This is after year-after-year cuts to social services and programs benefiting the working class.

That the ratification of the SEIU contract and the announcement of the estimated increase in the state's budget deficit came just weeks after a contentious election is no accident. Schwarzenegger and the Democrats in the state legislature doubtless knew about the size of the deficit well in advance of the election.

The SEIU has close ties to the Democratic Party in general, and to the incoming governor, Jerry Brown, in particular. The union devoted millions of dollars in dues to the Brown campaign, even as the candidate said that he would make cutting state worker pensions a priority. Brown and his Republican rival, Meg Whitman, turned the highly publicized race into a competition over who would more aggressively attack pensions once in office (see “Right-wing consensus in California gubernatorial elections”).

Having helped put Brown in office, the SEIU and other unions will be used as an instrument for further attacks against workers’ living standards. Facing a massive deficit in his first year in office, it is all but certain that Brown will go on the offensive against government employee wages and pensions. When this happens, SEIU officials will likely invoke extenuating circumstances in the attempt to force further concessions on their members.