

# New York governor unveils major attacks on education, health care, and public employees

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With New York State facing a \$1 billion budget deficit for the current fiscal year and a projected deficit of more than \$9 billion for the coming year, newly inaugurated Governor Andrew Cuomo used his January 5 “State of the State” address to outline a program of draconian austerity.

The Democratic governor’s remarks earned him lavish praise from state Republican officials. Details will be presented in his budget message at the end of the month, but the principal theme of the new administration was made abundantly clear—major tax reductions and regulatory concessions for the wealthy coupled with savage attacks on education, health care, and public employees under the guise of reducing the power of “special interests.”

The new governor combined cheap hucksterism about a return to the state’s “progressive” past with “realism” about the need to fix a “dysfunctional” state. The repeated use of the term “progressive” rang hollow given that the speech’s dominant thrust was major attacks on the working class justified by the refrain “there is no money.”

Cuomo stated, “The state of New York spends too much money. It is that blunt and it is that simple.” This is in the state which is home to Wall Street, where profits and bonuses to the financial elite have returned to record levels. The sum total of Cuomo’s “progressivism” appears to consist in a few sops to identity politics, including an increase in the allocation of state contracts to women and minority-owned businesses and support for gay marriage. Nowhere in his speech did he propose any concrete measures to assist the unemployed or the poor. Media analysts glowingly described this as a Republican speech given by a Democrat.

The complete melding of the two major party programs comes as no surprise. Cuomo’s opponent for the governorship, Republican Carl Paladino, whose rabidly right-wing campaign was punctuated by violent verbal outbursts, created an atmosphere seemingly tailor-made

for the “reasonable” Democrat. This, in turn, gave cover for union bureaucrats’ support for Cuomo despite his openly anti-working class program. He stated explicitly during the campaign that he expected to “tangle” with public employee unions and to undertake major “reforms” of state government services.

Cuomo’s transparent theatrics included his announcement, made prior to the speech, that he and his senior staff would take a 3 percent pay cut, in order, as he put it, to “lead by example.” Then, in his speech, the governor announced a one year pay freeze for state workers. It is lost on few that the governor and his staff earn substantially more than the vast majority of state employees.

Quite predictably, state worker union bureaucrats expressed willingness to work with the governor. Kenneth Brynien, president of the Public Employees Federation (PEF), which endorsed Cuomo’s candidacy, was cited by the *New York Times* as stating that his union was open to the idea of a wage freeze, as long as Mr. Cuomo allowed negotiations and did not unilaterally demand it. Stephen Madarasz, spokesman for the Civil Service Employees Association, said “We don’t have any problem with doing our part.” Most state worker contracts expire with the current fiscal year at the end of March, and it is clear that the governor will seek major concessions.

Although Cuomo didn’t explicitly present plans for state worker layoffs during his address, he did announce his intention to cut state programs across the board by 20 percent. The consequences will inevitably include massive reductions in state services and significant job losses. The tenor of Cuomo’s agenda was clearly illustrated when he announced, immediately upon taking office, that he would not rescind the layoff of 900 state employees ordered by outgoing governor Paterson, also a Democrat, but would allow the expiration of the so-called “millionaire’s tax,” the temporary state income tax

surcharge on those making \$200,000 a year or more, enacted early in the economic crisis. The tax raises more than \$1 billion annually according to the *Wall Street Journal*.

Cuomo has repeatedly and adamantly stated that he will not raise taxes on the wealthy. Furthermore, a major theme of his state of the state address was that he plans to create a “business-friendly” environment in New York State. He announced the goal of streamlining and “right-sizing” state government. In order to achieve this goal, Cuomo announced the establishment of a 20-member commission with the goal of reducing by 20 percent the total number of agencies, authorities and commissions. He also proposed the consolidation of three state agencies, those responsible for overseeing banking, insurance, and consumer protection, under the pretext that the combined agency would be more effective in averting a repeat of the recent financial crises, which he attributed to lax regulation. More such consolidations may be announced.

Another major thrust of Cuomo’s attack on the working class will be a substantial assault on Medicaid, the federal-state-local health care program for the poor and the disabled. “This is not going to be a budget-cutting or trimming exercise, we need to redesign the Medicaid program,” Cuomo said. A commission to design this attack will be headed by incoming Medicaid Director Jason Helgeson, who spearheaded a similar effort in Wisconsin. The Senate Majority Leader, Republican Dean Skelos, expressed support for what he expects to be unprecedented cuts in spending.

The Service Employees International Union (1199/SEIU) joined with The Greater New York Hospital Association to issue a statement praising Cuomo’s plan. “[We] strongly support his plan to reduce costs through program redesigns rather than traditional reimbursement cuts.” These cuts would be in addition to reductions already made in previous budgets. Large numbers of layoffs have resulted from these earlier cuts according to the Healthcare Association of New York State.

Public education will also be subjected to Cuomo’s budget ax. The governor proposed an annual cap on local property taxes of 2 percent, or the rate of inflation, whichever is less. In most of the state, public education is funded primarily from local property taxes. This is a highly regressive system which creates significant differentials in the funds available between richer and poorer communities, and is a significant burden to working and middle class families. Supplemental funding from the state government has already seen significant

reductions and more are expected as federal economic stimulus money, which somewhat buffered the impact of the economic crisis over the last two years, runs out. The property tax cap would force major cuts in school district budgets, and result in the slashing of both educational programs and staffing.

Following the lead of Obama’s “Race to the Top,” Cuomo emphasized the need for “accountability” and “results.” He proposed the establishment of two \$250 million funds. Local communities would compete for awards from these funds by outdoing each other in establishing charter schools, slashing programs, consolidating facilities, and laying off teachers based on student test scores. Richard C. Iannuzzi, president of the New York State United Teachers union, stated that his union anticipates working closely with the governor, the Assembly, and Senate on these education proposals.

Other public employee unions also expressed their willingness to collaborate with Cuomo’s program. Both the Civil Service Employees Association (CSEA) and PEF have said that they are “optimistic” about working with Cuomo. Danny Donohue, president of CSEA, said that the union will “carefully” consider the governor’s ideas. “Where we disagree, there will be healthy debate to find ways to work together. It won’t be easy, but good government never is.”

When the 900 layoffs of state workers took effect at the end of December, the only response that the public employee unions could muster was candlelight vigils.



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