

Massachusetts budget axes 900 jobs, cuts local aid

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Massachusetts Democratic Governor Deval Patrick released his proposed budget for fiscal year 2012 on January 26. Patrick's FY12 budget, which begins on July 1 of this year, totals slightly more than \$31.5 billion and is about \$570 million less than total estimated projections for FY11.

The governor's proposal spells out continuing attacks on public education and on public sector jobs, pensions, and health benefits. In presenting his budget, Patrick declared that "it is no longer enough to say that the fiscal crisis presents an opportunity for change—we are now at the point where it demands change."

Under the proposal, an estimated 900 state jobs will be eliminated in fiscal year 2012, on top of 5,800 positions that have already been axed since October 2008. At 8.2 percent, Massachusetts' official unemployment rate is lower than the national average, but there are 285,600 unemployed workers in the state. Patrick's budget seeks cost savings through a "reform" of homeless shelters and negotiation of "innovative" (i.e., lower quality) health insurance for those on unemployment and those required to join the state's subsidized Commonwealth Care plan.

While the budget has yet to be debated in the state House and Senate, it is unlikely that either body will offer significant opposition to Patrick's cuts before the budget is signed later in the spring. An increase in the state sales tax was defeated by referendum last fall, attempts to raise revenues through casino gambling have failed, and no proposals have been made to increase the state's income tax. In addition, the majority of federal stimulus money will have dried up by July, leaving only \$250 million of Race to the Top

funding for fiscal year 2012.

Patrick, a Democrat and ally of President Obama, was reelected in the fall and will serve another four-year term under conditions where Democrats also control both legislative chambers. His proposed budget is governed, in turn, by pressure from predatory bond markets and by "an aggressive reform agenda" designed to provide cheap labor for biotech, financial services, and tourism companies.

The budget proposal boasts of a compliment from Moody's about the administration's "willingness to promptly identify and close budget gaps through ... expenditure reductions." Debt service on bonds is projected to increase by \$256 million next year, the biggest line item increase in the budget.

If Patrick has his way, municipal workers with collectively bargained health insurance will see their current plans replaced by less generous coverage from the state's Group Insurance Commission. The governor has filed a bill that would force cities and towns to tear up current union contracts by July and either join the GIC or find a plan that costs the municipality less. In order to force the issue, Patrick's proposed budget includes a \$65 million cut to local aid that is not earmarked for schools.

The governor told the *Boston Globe* that unions should have a "role" but not a "veto" in bargaining benefits for their members. He is leading a statewide push to divide and conquer, by stirring up resentment among private sector workers about the supposedly lavish benefits received by teachers, firefighters, librarians, and other public employees. This shameless

tactic, which has been taken up by the *Globe* and the *Boston Herald*, seeks to blame workers for exorbitant increases in the cost of health care. No similar objections are made to the \$1.75 million in compensation paid in 2008 to former gubernatorial candidate Charles Baker in his role as head of Harvard Pilgrim Health Care.

A study of health care cost trends released in January 2010 by Attorney General Martha Coakley found that, in fact, variations in the price of health care in Massachusetts are not correlated with the quality of care received, “the sickness or complexity of the population being served,” or by differences in provider costs between similar hospitals. The report found that higher costs come from higher provider prices rather than increased utilization, and that price increases do correlate with “market leverage.”

In other words, large organizations like Partners HealthCare—which includes Massachusetts General Hospital, Spaulding Hospital, and Brigham and Women’s Hospital—are able to demand high prices from insurers. In 2007, Partners’ CEO James Mongan received more than \$3.4 million, including benefits, according to the organization’s IRS filing.

Patrick’s budget proposal plainly states the sacrifices he expects from workers. In legislation filed shortly before his proposed budget, the governor seeks to “modernize” state pensions by raising the retirement age and increasing from three to five years the period used to calculate average earnings. While admitting that investment losses during the economic crisis played a significant role in the underfunding of the state’s pension fund, Patrick is trying to make workers pay for these gambling losses.

In the budget proposal, Patrick boasts that he is fully funding the legislatively mandated foundation budget for public schools through local aid to cities and towns. Yet it also states bluntly that “this budget is ... a vehicle to implement an aggressive reform agenda,” meaning that charter school conversions and attacks on teachers will be accelerated next year. Because of caps on the amount of revenues that cities and towns can raise from property taxes, they are heavily dependent on local aid

from the state for school costs. The funds expected from the federal Race to the Top program, which promotes charters and attacks on teachers, will only serve to exacerbate the crisis of public education.

While Patrick proposes no increase in funding for Massachusetts’ public colleges and universities in FY12, he has found \$7.5 million to establish a Performance Incentive Fund through which the schools will be expected to find “incentives for adopting fiscal improvement and accountability measures that will lower costs and increase efficiency.” This program is designed to produce future budget cuts, while the higher education budget will rely increasingly on higher tuition from out-of-state students.

Higher education is not the only area where Patrick is seeking to create cost-cutting commissions. Despite the proposed budget cuts, he has found funds to propose a new office called Commonwealth Performance, Accountability, and Transparency, which will “advance ambitious performance management statewide.” Despite the “commonwealth” misnomer, such a program is aimed at pursuing future layoffs, job cuts, and impoverishment of workers.



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