Washington state governor calls for draconian cuts in new budget

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In her State of the State address last week, Washington's Democratic governor Christine Gregoire proposed budget cuts totaling $4.6 billion for 2011-2013, stating, "It's not just about this crisis—it's about setting our state on a trajectory that ensures a strong financial foundation for our kids and grandkids."

Gregoire's "trajectory" for the state's younger generation, however, includes deep cuts in maternity services, early childhood education and children's health care, not to mention severe cuts in all social services.

Coming on the heels of the previous budget's $5.1 billion cut and a drastic $900 million cut just enacted by a special session of the Democratic-controlled legislature last December, the current proposed cuts extend the dismantling of social services for the poor and working class. The governor declares that the state's revenues lag two years behind the recovery and continues to project a forecasted deficit of $4.6 billion into 2013, which is more than four years after the official end of the recession set by economists at mid-2009.

According to stateline.org, "If approved, the budget would be the first one in Washington State since the Great Depression to decrease overall state spending from one biennium to the next."

The budget would eliminate basic health coverage (Apple Health) for 27,000 children and eliminate coverage for 66,000 poor people with the removal of the Basic Health plan. These cuts come Health and Human Services, where a total of $1.4 billion will be slashed. The proposal cuts $2.2 billion from K-12 education, $630.7 million from higher education, increases tuition for state colleges by 9-11 percent, eliminates pre-schooling help to 1,324 children, eliminates the Disability Lifeline Medical Plan affecting 21,000 low-income disabled adults, and eliminates the State Food Assistance Program for low-income legal immigrants.

Many of these same programs came under attack in the previous 2009-2011 budget, to the tune of $8.5 million in cuts to pre-school support, $800 million from K-12 education, $300 million from higher education. In health care, $990 million was cut, including a 42 percent reduction to Basic Health in addition to eliminating Apple Health for kids whose families have incomes between 250 and 300 percent of the federal poverty level. There was an overall $1.5 billion cut from Health and Human Services. What these figures clearly indicate is that, over the years, the assault on the most vulnerable people of the state is only becoming more savage.

As part of the "shared sacrifice" effort, state employees will pay more in pension contributions, some up to 4.5 percent from 3.9 percent in 2009-2011, costing an average employee $32 per month. State employees on average will also see their portion of the health care premium rise from $86 in 2010 to $147 in 2013.

State workers have seen no general wage increases since 2008, and unpaid temporary layoffs saw the average state employee lose $178 per month in 2010. These draconian cuts were enacted with the full support of the Washington Federation of State Employees. The new budget seeks another 3 percent reduction in compensation.

As a *Seattle Times* article points out, more than $6.5 billion of tax revenue is lost each year due to tax

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subsidies for business. The legislature does not consider these items in its budget deliberations. A full 88 percent of these subsidies do not have sunset provisions, and thus do not require regular review as a matter of law. The state's Joint Legislative Committee reviews these tax expenditures only once in 10 years. A 60 percent vote in the legislature in required to repeal any of these subsidies.

Lawmakers' intent is to leave these tax subsidies unchallenged, even at a time when the most crucially needed social services are being removed from the most vulnerable. The fact that there is no mention of these subsidies in the governor's proposal demonstrates the class interests that dominate the decisions regarding the budget. Officials in Olympia, the state capital, do not reveal how much money the state loses due to tax subsidies, and the corporations receiving these subsidies are not disclosed. The overall tax structure in Washington state is extremely regressive: people earning under $20,000 per year are taxed at a 17.3 percent rate, while those earning $537,000 or more only pay 2.6 percent.

The tax scheme is matched by the huge inequality of income growth as revealed by the Institution of Taxation and Economic Policy. Between 1979 and 2003, the incomes of the wealthiest 1 percent of Washingtonians rose by 111 percent above inflation. Incomes for the entire top 20 percent rose by 49 percent over the same period, while incomes for the middle fifth inched up only 8.6 percent and the bottom 20 percent experienced no perceptible gain.

Over one third of federal tax cuts since 2001 have gone to the top 1 percent of households, and nearly three-fourths have gone to the top 20 percent. The bottom 60 percent of households received only about 15 percent of those tax reductions. On their 2007 federal taxes, the wealthiest 1 percent of Washington households will each save on average an estimated $69,500 in taxes due to reductions enacted since 2001, while the bottom 60 percent will save an average of only $455.

An effort to pass an income tax on the richest 10 percent of Washington residents failed last November. Initiative 1098 was stymied when the opposition, with a bankroll of $6.3 million, was joined by some of the world's richest men. Microsoft billionaires Steve Ballmer and Paul Allen, along with Amazon CEO Jeff Bezos, respectively listed at numbers 16, 17 and 18 on *Forbes'* Richest People in America list, contributed heavily to defeat the initiative. These three billionaires, all residents of Washington state, have a combined wealth of over $92 billion. If one includes another Washington resident, Microsoft's Bill Gates with a net worth estimated at $54 billion, this amount leaps to a staggering $146 billion.

In a move to shore up its profits, Microsoft is responding to the "Cadillac tax" on more generous health insurance plans by planning on employee contributions to its plan, which up to now has been covered by the corporation.

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