

New York budget to slash health, education spending

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New York State's Democratic governor, Andrew Cuomo, publicly presented his proposed state budget earlier this month for the fiscal year beginning on April 1. The budget proposal develops themes outlined in his State of the State message delivered several weeks earlier, focusing on devastating cuts in health care and education spending.

Echoing the message being pronounced by state governors and county and municipal officials across the country, Cuomo declared that the state government has been spending beyond its means. "New York State is functionally bankrupt," "there is no money," and "painful choices" involving drastic cuts in expenditures are necessary, according to the governor, but the wealthy must not be disturbed.

Cuomo made no reference to the fact that the crisis a direct consequence of Wall Street's near-total collapse two years ago, or that the financial aristocracy's fortunes have now rebounded dramatically due to the injection of hundreds of billions of dollars in public funds.

The state faces an estimated \$10 billion shortfall this year, with an even larger gap, at least \$14 billion, anticipated next year. The budget proposal seeks to take advantage of the economic crisis to carry out savage attacks on social programs and state workers, measures that have long been sought by big business. Overall, the proposed budget would represent a \$3.7 billion (2.7 percent) reduction in total expenditures compared to the current fiscal year. State agency budgets would be cut by 10 percent. In contrast, Cuomo has repeatedly pledged that he would not raise taxes on the wealthy. Furthermore, he plans to allow the so-called "millionaires tax" surcharge on those earning more than \$200,000, enacted at the height of the Wall Street crisis, to expire at the end of the year, despite the fact that it brings in \$1 billion annually.

Cuomo's heaviest cuts are aimed at health care and education. There would be an immediate \$982 million reduction in Medicaid, the program that provides medical assistance to the poor and disabled, the effects of which would be doubled due to the loss of federal matching funds.

An even larger cut, projected to total \$2.85 billion, is to be developed by Cuomo's newly appointed Medicaid Redesign Team. This panel is mandated to redesign the program to make it more "efficient," which inevitably will mean a drastic reduction in the quantity and quality of care provided. Cuts of another \$4.57 billion are projected for the following fiscal year.

According to Daniel Sisto, president of the Healthcare Association of New York State, this would be "the largest cut to healthcare services in New York State's history." He predicted a continuation of hospital and nursing home closures in addition to the 30 hospitals and 50-plus nursing homes that have shut down in the past decade.

Attacks on public primary and secondary education are to come in two forms. The first is a reduction of \$1.54 billion in state aid to school districts. The second is a cap of 2 percent on the allowable annual increase in local property taxes, which provide a significant portion of the funds for local public schools. This highly regressive method of funding public education results in glaring disparities between relatively richer and poorer districts. The combination of the state funding reductions and tax cap will have an especially devastating impact on the latter.

According to a new study by the New York State School Boards Association, adoption of the tax cap would cost school districts at least \$3.3 billion in local funding between now and the end of the 2013-2014 school year. A report by the Statewide School Finance Consortium found that hundreds of school districts would run out of money sometime next year. The report goes on to say that the fiscal crisis would be worst at schools in low-income communities, which derive little revenue from property taxes and rely more heavily on state and federal aid.

The proposed budget also includes major cuts to public higher education. The budgets for SUNY, the State University of New York, and CUNY, the City University of New York, will each be cut by 10 percent. Over the three previous years, state funding for public colleges and universities has been cut by roughly a third.

Cuomo is also proposing a major assault on public employees. He called for a wage freeze and threatened that if the unions did not collaborate with him to cut \$550 million from the budget—10 percent of labor costs—up to 9,800 workers would be laid off. The public work force at all levels has already been hit hard by the slump triggered by the financial crisis. Between December 2009 and December 2010, a total of 34,700 federal, state and local government jobs have been lost in the state.

Both Democrats and Republicans, doing the bidding of the corporate aristocracy, have made clear their determination to attack public worker health benefits and pensions. According to the Associated Press, Cuomo views this as his second major task after passing the budget, and New York City mayor Bloomberg will join with the governor in this attack. Most state worker contracts expire on March 31, just before the new budget deadline. The state will be demanding major givebacks from the unions.

Predictably, the leaders of public employee unions have already made clear that they will negotiate and accept unprecedented attacks on workers' living standards. They have timidly complained about unfairness in the details of proposed cuts, but accept that it is the working class that must pay for the financial crisis and pledged to work with the governor and legislature. Daniel Donohue, president of the largest state worker union, stated that "CSEA has repeatedly said that we are prepared to do our part and work with the administration for a better New York." Ken Brynien, Public Employee Federation president, said, "We will work with the governor to do our part to help during this fiscal crisis. We have solutions that will help close the budget gap without gutting state services." In a statement published by the New York State United Teachers, the union's executive vice president, Andrew Pallotta, noted that the NYSUT is committed to working with legislative leaders and the governor toward a responsible compromise that looks at spending and resources.

The unions continually surrender their members' rights because they are in fact tied inseparably to big business. Their support for the Democrats is the major tool through which this relationship is maintained. All the major public employee unions, including PEF, health care workers union 1199 SEIU, the state AFL-CIO, and the New York City United Federation of Teachers, supported Cuomo's campaign for governor last fall, during which he made no secret of his plans to attack state employees and other sections of the working class. According to the *Albany Times Union*, informal talks between Cuomo staff and the CSEA and PEF have already begun. The *New York Times* reports that public worker unions have abandoned their past tactic of conducting major PR campaigns against

proposed cuts. Instead, they are now engaged in "quiet" lobbying for retention of the so-called millionaire's tax.

The political and corporate establishments are prepared for an all-out fight to intimidate critics of the cutbacks. Cuomo has \$5 million held in reserve to carry out a propaganda campaign to promote his political agenda, should that become necessary. That is in addition to the \$10 million or more that the so-called Coalition to Save New York, an organization set up by financial elite, established at Cuomo's behest for the express purpose of lobbying for the assault on public workers and social programs.

The proposed budget will have devastating effects on county and municipal governments across the state. In New York City, for example, Mayor Michael Bloomberg predicted that Cuomo's plan "would cut \$2.1 billion in aid to the city and its schools, force the layoff of up to 6,000 teachers—including some of the best—and close a third of the city's senior centers." The city already has a projected budget deficit of \$2.4 billion, prior to Cuomo's proposed cuts.

Bloomberg's point was not to oppose these ruthless attacks on the working class. On the contrary, the billionaire mayor appealed to the legislature to give him more freedom to make cuts of his choosing. He wants, for example, a free hand to dismiss teachers according to "merit and performance, rather than strictly by seniority." In other words, he wants to strip teachers of any protections against budget-driven layoffs and dismissal. The mayor also wants greater latitude to slash city worker pensions by establishing a new, lower tier of benefits, requiring a 10-year minimum for "vesting" rather than the current five, and a higher minimum retirement age for civilian employees to receive a full pension from roughly 57 to 65 years old.



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