

# California governor, legislature approve deep cuts in social programs

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Late last week, Democratic Governor Jerry Brown signed into law a package of measures that will slash billions of dollars from welfare, health care and higher education. While backroom negotiations between the Democrats and Republicans have delayed any decision on tax measures proposed by Brown, the cuts passed the legislature earlier this month with bipartisan support.

The total spending cuts amount to more than \$8 billion. Along with a number of financial transfers, including from local to state government, the budget measures cut the projected \$26 billion deficit by about \$14 billion, according to Brown.

Republicans are demanding further devastating attacks on workers in exchange for providing enough votes for Brown and the Democrats to put a referendum on the June state ballot that would continue a series of regressive taxes to make up the remainder of the deficit. If those taxes are not implemented, Brown has pledged to cut billions more in social programs, particularly K-12 education.

"We're only halfway to the goal line and we need to find more revenues or we need to make more and more drastic cuts," Brown said on Thursday. "Certainly the next round of cuts will be much more painful and much more disruptive than the budget reductions to date."

In addressing projected deficits, no part of the state's social spending was left untouched, and the most vulnerable layers of the population will be worst affected.

The measures include a \$1 billion cut in CalWorks, the state's welfare to work program. This includes an 8 percent reduction in benefits. The maximum length any individual will be able to receive benefits is being reduced from five years to four. In another blow to working parents, state subsidized child-care for 11- and

12-year-olds has been eliminated.

According to a study by the California Budget Project (CBP), the total number of Californians on welfare assistance in 2011-12 will fall to just over 450,000, down more than 20 percent from 2010-11. This is less than half the number of people receiving assistance in 1994-95. The average purchasing power for welfare grants will fall to 45.4 percent of the value of the grant in 1989-90.

The attacks are being implemented even as need is rising sharply. According to the CBP, less than a quarter of Californians in poverty are currently receiving cash assistance, down from a half in 1995.

The cuts slash the budgets for the University of California and California State University systems by \$500 million each. Both systems have already seen a sharp increase in fees and reduction in classes to deal with the past years' cuts. Average inflation-adjusted fees at the UC system were more than \$10,000 in 2010-11, according to the CPB, up from \$2,686 in 1990-91.

The recently signed bills also increase the per unit cost for community college students, from \$26 to \$36.

Although K-12 education does not have any direct cuts, one of Brown's accounting tricks to balance this year's budget is to delay about \$2.1 billion in school funding from being disbursed until the next fiscal year. Over half of California's schools are expected to make cuts in order to cover the increased costs this delay will cause. Close to 20,000 public school teachers were issued layoff notices this month in anticipation of further cuts.

As for health care, \$1.7 billion is cut from Medi-Cal, the state's poverty based health care program. The state is cutting its reimbursement of Medi-Cal providers and allowing them to bill the 7 million patients in the

program for services and coverage for adult day health care.

An additional \$1 billion of funding for Medi-Cal's children's services is preserved only by taking it from the state's First 5 program, which is dedicated to early childhood nutrition and literacy. The cuts also include further reductions to the state's already threadbare mental health program.

In order to place the tax increases on the ballot as a referendum in June, Brown needs the support of at least a few Republicans. However, the Republican leadership released a series of demands on Friday as a condition for their support, including deep attacks on pensions. A deal may still be worked out. In response to earlier Republican demands, Brown said on Thursday, "I tell my union friends, you're going to have to make some changes [to pensions] now, or much more drastic changes later."

Brown's 2010 election campaign included a pledge to cut pensions for state workers, and he has been working closely with union officials to implement cuts on a contract-by-contract basis.

Completely absent from any debate or discussion in the state capital were any proposals to make the financial aristocracy, which caused and profited from the economic crisis, pay for it. Instead, the threat of an "all-cuts budget" is being used by the Democrats to push a set of tax measures targeting the poor. The Republicans agree in principle with Brown but prefer targeting workers through pension "reform" instead of taxes.

However the remaining deficit gets covered, whether through more cuts to social programs, cuts to pension programs, or regressive taxes, both parties agree that the workers will pay, and these cuts won't be the end of it. Even with Brown's budget, there will still be a deficit next year that will require a new round of cuts.

The state's union executives have thrown their support behind Brown's budget and the attack on public workers. These cuts and taxes have been hailed by union officials as "tremendous leadership" and "balanced." Like the two big business parties, the unions are trying to constrain workers between two unreasonable choices, pay for the economic crisis through taxes or pay for it through cuts.

Steve Maviglio, spokesman for a coalition of the state public employee unions, indicated that the unions

would be willing to accept further pensions cuts. "The notion that unions already haven't given at the office is false, and we're more than happy to discuss additional changes that make sense and are lawful," he said.

At the same time, the unions are working with local and state officials to agree to concessions contracts. Last week, Brown reached an agreement with the last of the state unions to double worker pension contributions.

Also on Thursday, Los Angeles Mayor Antonio Villaraigosa announced an agreement with some city unions that include millions in concessions for 14,500 city workers. The cuts would close to double pension contributions, force retirees to pay for health coverage, and eliminate planned pay increases and overtime pay. The mayor promised that this was only the beginning, saying, "We're going to vigorously argue that all our employees should pay more for pensions and retiree health benefits."

The unions in the city, like their counterparts at the state level and throughout the country, are working to demonstrate their commitment to attacking the conditions of their own members. This is the response of the union executives to the attack waged by Republican officials in Wisconsin and other US states against collective bargaining, which would also impact the dues base for the union officials.

Barbara Maynard, spokeswoman for the Coalition of LA city unions, commented that the agreements demonstrated that "collective bargaining does work."

The LA agreement must still be voted on by the workers. In an attempt to blackmail opponents of the concessions into voting for the deal, Villaraigosa said that additional furlough days would be imposed on workers if they do not adopt the contracts by April 20.



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