

Democratic Party in California passes austerity budget

State spending reduced to lowest level in 29 years

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On Thursday, California Governor Jerry Brown signed a budget into law that sharply reduces social services and lays the foundation for further attacks on the state's working class. The budget was passed one day before the start of the next fiscal year, and was based upon earlier proposals by the Democratic majority in the state legislature.

As Brown and the Democrats were not able to garner Republican support for their proposal to increase regressive taxes—which require a two-thirds majority for passage—the budget relies entirely on spending cuts and overly optimistic revenue assumptions.

The budget includes a 23 percent cut in funding to public universities, the raising of prices for medical care for the poor, the closing down of centers for senior citizens and state parks and major cuts for mental health services.

In all, the budget, including measures already enacted in March, reduces state spending by \$15 billion. Brown's first enacted budget as governor is the largest single reduction in spending in the history of California, bringing total spending to its lowest level in 29 years.

The cuts includes:

- * \$2.06 billion to the state's Medi-Cal program, which provides health services to poor residents

- * \$861 million to mental health services

- * \$837 million to the CalWorks Welfare to Work program

- * \$567 million in assistance to the state's developmentally disabled children and adults

- * \$413 million to the In Home Support Services Program, which allows families and other professionals to take care of medically disadvantaged residents

- * \$2.08 billion from the state's Proposition 98 funding guarantee for K-12 education. As Proposition 98 requires the restoration of lost funding in later years, this has allowed the governor to claim that his budget spares education even though the restoration of funding has not been enforced in the past.

- * \$1.38 billion from the University of California and California State University public university systems

- * \$400 million from the California Community College system, raising costs from \$26 to \$36 per credit

- * Nearly \$4 billion from the state's court system, along with department closings and state employee wage cuts and layoffs

Brown also passed an additional \$270 million in cuts via line-item veto, which primarily came at the expense of railway and mass transit.

In response to the plan, the University of California and Cal State systems have announced that they will most likely implement additional tuition increases. Discussions are already underway for tuition increases of at least 10 percent, which would come on top of 8 and 10 percent tuition increases passed by the UC and Cal State systems respectively last fall. Average tuition costs at UC are now \$11,000 per year and \$4,884 at Cal State. The governing bodies of both institutions will vote on the increases this month.

The budget cuts have also delayed the opening of a new medical school at UC Riverside for at least two academic years.

In addition to the spending cuts, the governor's budget includes \$4 billion in new tax revenue projections. Should these revenues not materialize, the new budget includes provisions for several tiers of "trigger cuts."

If revenues fall short of projections by more than a billion dollars, more than \$600 million in trigger cuts would be enacted, including more cuts to K-12 education, grants to local libraries, and further cuts to higher education, In Home Support Services and the Department of Corrections.

If revenues fall short of projections by more than \$2 billion, more than \$1.8 billion in cuts will be enacted. These cuts will be made exclusively to public education. Moreover, the tier 2 cuts are cumulative with tier 1, creating a total triggered reduction in spending of nearly \$2.5 billion.

The exact language of the trigger cuts has yet to be adopted by the state senate and assembly; however there is a distinct possibility that such cuts will not only apply to the current fiscal year but may be ongoing.

Several members of the Democratic Caucus, including Senate President Darrell Steinberg, have blamed Sacramento Republicans and their intransigence in the face of extending tax increases as the key reason why the Democrats were “forced” to pass such massive spending cuts. This is a lie. Every budget proposal initiated by Democrats during the current governor’s tenure included massive spending cuts.

The claims made by the party’s supporters among the trade unions, including the California Teachers Union (CTA) are equally duplicitous. The unions have worked closely with the Democrats in creating this outcome, channeling mass opposition to budget cuts behind a campaign to support the Democrats’ proposal for increased regressive taxes.

The Democrats as much as the Republicans are doing everything in their power to claw back all social gains made by the working class in the most populous state in the US.

The governor’s home page highlights the fact that the current budget reduces state spending to levels not seen since the start of the 1972-73 fiscal year. Said the governor, “This is an honest but painful budget that returns California’s General Fund spending to levels unseen since the 1970s. We’ve cut our deficit by \$15 billion dollars and achieved financial balance this year. This is a huge step forward. But California’s long-term stability depends on our willingness to continue to pay down debt and live within our means.”



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