

Massachusetts budget slashes spending

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Two weeks into the new fiscal year, Massachusetts Governor Deval Patrick has signed a budget that cuts state spending by \$750 million, the largest year-over-year cut since the 1991 recession. Along with the budget, Patrick has signed a law that opens the way for cities and towns to rip up existing health care agreements and force their workers into cheaper plans.

Patrick, a Democrat, signed both measures after the Democrat-controlled House and Senate reached agreement in a conference committee. While the end of federal stimulus funding has been blamed for much of the shortfall, both branches of government have refused to raise corporate taxes, which make up less than 9 percent of estimated tax revenues. Instead, they are deepening their attempts to balance the budget on the backs of the working class, both through cuts and the maintenance of the state's regressive sales tax at 6.25 percent.

In what amounts to scraping the bottom of the barrel for non-tax revenue, the budget includes a provision for diverting 75 percent of the proceeds from the sale of abandoned property into the state's "rainy day" fund.

The budget finalizes cuts to vital social programs like WIC, a supplemental nutrition program for women, infants, and children, while only flat-funding other programs like vocational rehabilitation for the disabled. It continues to provide inadequate funding for public transit, despite increased ridership and such poor maintenance that trains and buses routinely break down.

The MBTA, the state's largest public transit authority, notes in its 2012-2016 capital improvement plan that it is unable to fund such necessary projects as the upgrade of the electronic third rail on the Orange Line and the replacement of subway cars dating to 1969, which make up 34 percent of the Red Line fleet.

The governor's press release announcing the budget

notes that 6,000 state jobs have been cut since 2008. In fiscal year 2012, local aid to cities and towns will be cut by \$81.5 million, resulting in teacher layoffs and increased privatization of public schools. Similarly, the public higher education budget is suffering a cut of about \$60 million.

The "outside sections" area of the budget, which is used each year to append policy changes to it, contains draconian provisions designed to placate right-wing media such as the *Boston Herald*. People needing a public defender will have to sign a waiver allowing probation officers to search their tax, vehicle registration, and other personal information in order to prove that they cannot afford a lawyer. People convicted of "fraudulently" using \$100 or more of food stamps will be subject to fines up to \$25,000 and imprisonment up to five years.

No such penalty will be levied on companies seeking to make a buck off "virtual public schools," for-profit charter schools with low overhead, which are expressly allowed in the budget. (See "Charter schools in the US: Wall Street's education model.")

The "outside" section regarding abrogation of existing health plans for municipal workers has gained national attention, with Patrick comparing himself favorably to Wisconsin Governor Scott Walker. While the provision has been softened somewhat from the original proposal—Patrick originally wanted to mandate it statewide, but municipalities can now "elect" to comply—workers and their bargaining units will have only 30 days to negotiate changes once they are notified by their city or town.

The purpose of the new law is to move municipal workers into cheaper health insurance plans, either through the state's Group Insurance Commission, a plan of similar cost, or Medicare. The *State House News Service* reports that the Senate had originally included a requirement for municipalities to give

retirees the same premium/cost split as active employees, but this provision was dropped by legislators wanting to save money at the expense of retirees.

Municipalities that “elect” to join the Group Insurance Commission, but are unable to pay, will see the money taken out of their local aid from the state, on which they rely for schools and other services. If the local aid is not enough to cover the cost, the state will be able to cancel the health insurance of the workers in that municipality.

The state estimates that such changes will save cities and towns a total of \$100 million. This amount equals about 0.3 percent of the state’s budget, and could easily be raised by levying taxes on large private employers in Massachusetts.

Instead, Patrick and his fellow Democrats have been going out of their way to curry favor with business interests. Among those rejoicing in the new measure, according to the *State House News Service*, are Associated Industries of Massachusetts, the Boston Foundation, the Boston Municipal Research Bureau, the Greater Boston Chamber of Commerce, the Massachusetts Business Roundtable, the Massachusetts High Tech Council, the Massachusetts Taxpayers Foundation, and the Massachusetts Business Alliance.

This past spring, Patrick alienated the Democratic Party’s backers in the AFL-CIO by going behind their backs to draft the legislation with business interests. While the unions have now signed on to the supposed compromise legislation, Massachusetts AFL-CIO President Robert Haynes recently stepped down out of embarrassment. Haynes also made headlines when it was revealed that, in addition to his union salary, he was earning more than \$70,000 per year as a director of Blue Cross Blue Shield, the state’s largest private health insurer.

Haynes’s crisis is not the only one to develop from the new Massachusetts budget. The *Boston Globe* reported Tuesday that all seven judges on the Supreme Judicial Court, the state’s highest court, have sent Patrick a letter asking him not to appoint any new trial judges because of the lack of funds for supporting them. The SJC included statistics about the loss of 1,115 employees and support staff in the past four years, leaving more than 60 percent of courts staffed below the level necessary to function properly. The SJC

warned that 11 courthouses would be closed, resulting in an unspecified number of layoffs.

The SJC’s move could develop into a constitutional crisis, given the response of the governor’s legal counsel that “the governor will continue to exercise the powers granted to him by the Constitution of this Commonwealth.”



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