

# New York's Democratic governor continues attacks on workers in second budget

Philip Guelpa  
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New York governor Andrew Cuomo's second annual budget speech, delivered last Tuesday, announced a continuation of last year's assault on the working class. The main points of the Democratic governor's address, setting forth his plans for his second year in office, included reductions in pensions for new state workers, establishment of a teacher evaluation program to intensify attacks on public education, and consolidation of state agencies leading to further layoffs of state workers and cuts in social services.

The proposed budget total for the fiscal year beginning April 1, \$132.5 billion, is a further reduction of \$225 million from last year's budget, which included steep cuts in education, health care, and other social services, and substantial reductions in pay and benefits for state workers.

The governor made clear his pro-business, anti-working class agenda. "Through fiscal discipline and working in partnership with the private sector, we are making New York a pro-growth state once again. This budget represents the next step in our plan to transform New York State," Cuomo said.

In his speech, Cuomo extolled the fact that the proposed budget included no tax increases. At the same time, he repeated the lie that he had increased taxes on the wealthy last year, when, in fact, many high-income earners saw a significant reduction in their taxes due to the expiration of the so-called millionaires' tax at the end of last year.

Projected revenues for the current year are expected to be roughly \$2 billion lower than they would have been if the millionaires' tax had been extended. The proposed budget is designed to close a projected deficit estimated at \$2 billion through the use of spending cuts alone.

Nearly two weeks earlier, the governor's State of the State address was full of feel-good generalities and bluster. "The best is yet to be. They ain't seen nothin' yet!," shouted Cuomo, touting his "accomplishments"

last year.

Workers are not likely to share the governor's enthusiasm.

Doubt has been cast on the economic assumptions on which the budget proposal is based by a recent report from the state's comptroller, Thomas DiNapoli, which stated that tax revenues for December were down 2.7 percent from last year, a trend that is expected to continue. Cuomo himself had only recently stated that economic turmoil in Europe and a slowdown on money coming from Wall Street portended difficult economic times for the state.

The principal features of the budget proposal include the following. Cuomo proposed the creation of a new, Tier VI, retirement plan for new state employees with even lower benefits than the reductions implemented in Tier V, which was instituted only two years ago. Tier VI would include a 401(k)-style option that would put retirees' pensions at the mercy of Wall Street fluctuations.

Leaders of the major state employee unions made pro forma criticisms of the plan, saying it is an attack on the "middle class." However, these protestations are belied by their collaboration with Cuomo in accepting major concessions in pay and benefits in labor contracts rammed through by these leaders last year.

The attacks on state worker pensions come despite the fact that the state itself reports that the public pension system is fully funded. Contrary to widespread attacks by politicians and the media alleging overly generous pensions for state workers, according to the state comptroller less than one half of 1 percent of the state's 385,000 retirees get more than \$100,000 a year and roughly 76 percent get less than \$30,000 a year.

The state is already engaged in an attempt to cut the benefits of existing retirees. Last fall, the Cuomo administration unilaterally increased the health care contributions of retired state workers by 2 percent. This

followed the increases in contributions by existing workers included in the contracts pushed through last year.

The increased payments by retired workers were not part of those contracts. State worker unions have initiated legal action. Since 2008, the state workforce has been reduced by 18,000. This leaves agencies providing services to the public severely understaffed. Cuomo's proposed budget does nothing to alleviate this situation. In fact, he proposes to consolidate a number of state agencies, leading to even further staff reductions and curtailment of services.

The proposed merging of several transportation-related agencies and authorities, for example, is expected to result in a workforce reduction of 450 to 600 full-time employees by 2016, and the consolidation of support functions would result in the loss of another 840 full-time employees.

The supposed "no layoff" clauses and understandings included in last year's contracts do not provide any protection against reductions due to agency consolidations. In addition to the consolidations, state agencies have been ordered to cut another 2.5 percent from their budgets. This is on top of substantial reductions made last year.

The budget proposal includes an \$800 million increase in aid to education. However, state aid to public school education was cut by \$1.2 billion last year, which resulted in thousands of layoffs. The increased aid will be used primarily for competitive grants, which shortchange the poorer districts that tend to have the lowest budgets and most difficult educational challenges. The new property tax cap on school districts, enacted last year, which makes it difficult for local districts to raise additional revenues to make up for reductions in state and federal funding, is already having a severe effect on public education.

In another aspect of the ongoing attack on public education, there will be no increase in aid to those districts that do not implement a mechanism for teacher performance evaluation in compliance with President Obama's "Race to the Top." Such evaluation schemes provide a mechanism for school districts to intimidate teachers and facilitate staff reductions.

The federal government is threatening to withhold nearly \$1 billion from the state if an evaluation mechanism is not established. News reports indicate that the New York State United Teachers (NYSUT) is prepared to make major concessions regarding teacher evaluations.

Funding for the two public university systems, the State University of New York (SUNY) and the City University of New York (CUNY), would be unchanged from last year, but tuition will continue to rise according to the "rational tuition" scheme adopted last year. Over the previous four years, state funding of higher education has been cut by more than 30 percent, which has led to significant cuts in educational programs.

The only additional money will be from "challenge grants" for which individual campuses will have to compete against one another based on accommodations they make to meet the needs of private businesses in so-called "public-private partnerships". Community colleges will suffer a decrease in funding.

There will be a gradual shift in responsibility for payment of increases in Medicaid costs from local governments to the state. This will not involve any reversal of the cuts being made to this vital program at both the state and federal levels.

Funding for early childhood intervention services will be cut by \$99 million over the next five years. A previously planned 10 percent increase in public assistance grant money scheduled for July will now be spread over two years.

Planned expenditures on mental health programs and social services such as foster care, adoption, and family counseling will be cut by \$750 million. To place these cuts in context, a spokesperson for the Hunger Action Network stated that one in seven New Yorkers is out of work; the state has lost more than half a million jobs since 2007; and median household incomes fell last year to levels last seen in 1996, the first time since the Great Depression that median household income had not risen over such a long period.

According to a just-released report from the State Labor Department, the official unemployment rate in New York City rose from 8.9 to 9.0 percent between November and December and from 7.2 to 7.3 percent in the rest of the state. Following the speech, both Democrats and Republicans in the legislature gave the governor's proposals broad support.



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