

New York approves new austerity budget

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One day prior to the end of the March deadline, the New York State legislature passed a budget for the 2012-2013 fiscal year. The new budget, the second under the administration of Democratic governor Andrew Cuomo, continues the assault on the working class being undertaken by both the Democrats and Republicans. At a total of \$132.6 billion, the budget represents a \$135 million decrease from last year. It closes an originally projected gap of \$3.5 billion.

Much has been made by politicians and the press about the “on-time budget” this year and last under the Cuomo administration in comparison to many previous years in which budgets were adopted weeks or even months behind schedule and after much heated debate. This new pattern is purported to signal that Cuomo has been able to “fix” what was previously described as a “dysfunctional” legislative process. However, this self-congratulation seeks to mask the deeply reactionary content of these budgets. A senior Cuomo administration official who called the negotiations collegial and spoke of “a unified agenda” summed up the common perspective of the Democrats and Republicans.

In the context of the current record Wall Street share prices and executive bonuses, which have historically been a major source of revenue for the state, support for education, healthcare, and other social services remains severely underfunded, while billions of dollars are lavished on projects designed to benefit business. While the attacks are, in general, not as dramatic as last year’s, the new budget represents a continuation and consolidation of the anti-working class agenda embraced by both big business parties.

Public education, both at the primary and college levels, has suffered substantial cuts over the last several years. State aid to local school districts has been cut by \$2.7 billion over the previous two years, resulting in thousands of layoffs and program reductions. While the new budget increases aid by \$805 million, this represents less than a third of the previous losses. A significant portion of the increase, \$125 million, is allocated to so-called

“performance grants” which force already underfunded schools to compete with each other for the limited available support. In addition, the state last year imposed a 2 percent cap on local school districts’ ability to raise property taxes, their primary source of funds.

Early estimates regarding local school budgets for the coming year indicate that there will be additional severe cuts in programs and staffing. The state budget also includes a provision, which would deny state aid increases to any district that does not adopt a teacher evaluation program in accordance with state guidelines.

A spokesman for the Alliance for Quality Education, a group supported by education foundations and teachers unions, commented that, “This budget does not keep up with the problem created by Albany’s policies. We are moving in the wrong direction ... our schools are getting worse, not better.”

Public higher education, composed principally of the State University of New York (SUNY) and the City University of New York (CUNY), has also suffered severe funding cuts in recent years. The new budget continues the trend toward the degradation of these institutions by making individual schools compete for funds from the NYSUNY 2020 Challenge Grants, which will leave many campuses starved for support. Aside from the challenge grants, there is no increase in funding for higher education, which has lost \$30 billion over the last four years. Meanwhile, tuition continues to increase at SUNY and CUNY in accordance with the “Rational Tuition Plan” which was implemented last year.

Side by side with the spectacular gains on Wall Street, conditions for working people in the state continue to deteriorate. One indication of this is the state unemployment rate, which went up from 8.6 percent in February 2011 to 9.2 percent in the same month this year, with every one of the state’s 14 major markets recording increases. New York City’s jobless rate went from 9.1 to 10.2 percent. This follows a trend already established last fall. For the increasingly large numbers of people without work, who have or soon will run out of unemployment

insurance payments, and are living in poverty, the budget provides for paltry increases in the basic welfare grant, up by 5 percent in June and by another 5 percent in October. The basic welfare grant is now about \$350 a month for a family of three, an amount insufficient to maintain even the most meager existence.

Other social programs saw little or no change in funding following substantial cuts last year. For example, last year, state spending on health care was reduced by approximately \$2.8 billion, compounded by the loss of roughly \$2 billion in Medicaid matching funds from the federal government. This year's budget increases spending by only 3 percent.

Attacks on public employees continue as well. Adoption of the budget was preceded by a separate move earlier in the month by Cuomo and the legislature to institute a new pension tier (Tier VI) with significantly reduced benefits and increased costs for newly hired public employees. This will affect not only workers for the state government, but county and municipal employees as well. Although the governor vociferously pushed this change as a key element of "budgetary reform," no actual savings will be realized for decades (i.e., when the new workers retire). Rather, this was another step in the overall strategy to substantially reduce the pay and benefits of the public workforce, following the precedent set in last year's give-back contracts. More such attacks are likely to come in the near future.

While Governor Cuomo claims that the new budget is all about "jobs, jobs, jobs," in fact the programs he predicts will create tens of thousands of jobs represent no more than the continued transfer of public funds to private businesses, with the actual number of resulting jobs likely to be far less than expected. Cuomo summed up his pro-business focus, proclaiming at a budget signing ceremony, "We've been working on a concept called entrepreneurial government.

"These programs include \$15 billion for NY Works, which focuses on infrastructure development, and \$743 million in new state capital projects, with \$232 million of that set aside for bridges and highway projects. This is in addition to a number of programs established last year such as the "Regional Economic Development Councils" which are designed to funnel more money, through tax credits and other mechanisms, into private projects.

The close political and financial ties between government and business are illustrated in a recently released analysis by the New York Public Interest Research Group. NYPIRG reported that the Committee to

Save New York, the big-business lobbying group created to back Governor Cuomo, spent \$11.9 million in its first year on a series of advertising blitzes, the most of any lobbyist. Millions more were "invested" by other business lobbying groups, including the Business Council of New York State, which spent \$560,733, and companies such as Wall Street's Goldman, Sachs & Co. which spent \$965,233. Wal-Mart Stores Inc. spent \$2.8 million on lobbying in the state.

Overall, \$220 million was spent to lobby Cuomo and the 212 members of the Legislature, an increase of \$7 million over 2010. The WSWS spoke with workers during their lunch hour at the Empire Plaza in Albany, the state capital, about the latest round of attacks.

Bill Coulter, a state employee, spoke about the new Tier VI pension level. Instead of cutting benefits for public workers, Coulter said, "I think they should take the private sector and raise them up to what the other people are making. It's not our fault that the banks got us in all this trouble." With respect to the presidential campaign, Coulter wants a break with the Democrats and Republicans. "I think we need a viable third party. There's no other choice. The other choice is to regress." For him, key elements of such a party's program should include national health care and a living minimum wage.

Another worker, Mike West, expressed his feelings about the election process. He felt that election campaigns are money-driven and controlled by corporate America. The Democrats and Republicans "have got to represent the people that are paying for them to get elected. It's not you and me."

"The alternatives are major at this point because the political parties are so deep rooted into all this that the only way to fix it is, unfortunately, that you have to break it in some way. So either you need new parties or we have to find a way to get around it all." "I don't think you'll find anybody these days that's not discontented."



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