

# California governor demands massive new cuts in response to budget revision

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On Monday, California's Democratic Party Governor Jerry Brown called for drastic cuts in health care and government worker pay, two days after the state announced a projected deficit increase of nearly \$7 billion—from \$9.2 to \$16 billion—for next year.

Brown's proposals are part of devastating cuts that have been implemented in California and states throughout the country for several years. As a result, basic services have been decimated, while hundreds of thousands of workers have lost their jobs. The state austerity measures have been imposed by Democratic and Republican Party governors alike, overseen by the Obama administration.

"We will have to go much farther and make cuts far greater than I asked for at the beginning of the year," Brown said in a video message over the weekend. In a tip of the hat to Wall Street, Brown added: "As a result of the actions we took, California's bond rating went from a negative outlook to positive, and state spending is now at its lowest level in decades."

Monday's 94-page revised budget document calls for \$8.03 billion in cuts in three spending categories. Nearly \$2.5 billion would be cut from Health and Human Services, including \$1.2 billion from Medi-Cal (the state Medicaid program) and \$879 million from Cal Works (the state welfare program). An additional \$224.5 million would be cut from home services for the elderly and disabled.

Some \$2.3 billion would be cut from education programs, including childcare programs and student financial aid. An additional \$3.5 billion would be cut from other programs. This includes \$544 million in cuts to trial courts—expected to result in the layoff of hundreds of court employees—and \$401 million from a five percent cut in state employees' hours per week.

The revised budget hinges in large part on

collaboration with the Service Employees International Union (SEIU) to impose a 38-hour, four-day work week and other concessions that require re-opening contracts. SEIU Local 1000 President Yvonne Walker, who represents thousands of state workers, made clear in an earlier message to members that the union was prepared to force these concessions on the workers.

"Under Gov. Brown, we have a seat at the table," said Walker. "We have offered our own proposals to deal with this crisis."

Virtually all the SEIU proposals have been included in this revised budget: namely, trimming private vendor contracts, eliminating retired annuitants from the state payroll and implementing a four-day work week.

Walker assured the members of her local that she would continue to contribute "cost-saving" ideas and invited SEIU members to contribute their own.

The SEIU and the California trade unions as a whole are deeply committed to their political alliance with Brown and the Democratic Party, and in maintaining a "seat at the table" in imposing cuts.

Furthermore, under Brown's proposal, a \$410 million fund set up by the banks to help California homeowners renegotiate their loans—part of a multibillion dollar settlement with the states—will be shifted to reduce the deficit. This transfer elicited a protest from State Attorney General Kamila Harris. "These funds should help Californians stay in their homes," said Harris, who said that she would work towards a balanced budget that "honors our obligations to California homeowners."

The revised budget is also based on the assumption that this November voters will agree to increase sales taxes across the board, together with a small increase in taxes for high incomes. According to the governor, one half of the anticipated additional revenue will be

derived from sales taxes, and the other half from the new income taxes.

Both the governor and the unions emphasize how small the sales tax would be—0.25 percent—while those earning \$500,000 or more would pay between one and three percent more in state income taxes.

This is a cruel deception. The sales tax will transfer roughly \$2.5 billion from workers' paychecks to the state. This would come on top of three years of regressive measures that have had a massive impact on the living standards of working class households, while leaving the rich largely untouched.

A rejection by voters of the Brown tax measures would trigger a \$5.5 billion cut in elementary and high school spending and \$500 million from higher education, on top of devastating cuts already implemented over the past several years. The rest of the shortfall would be made up with cuts for forest fire preparedness, game and fish officials, park rangers, and other essential services.

For the budget to be on time, the legislature must agree to a final budget bill on June 15.



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