

# California governor pledges continued austerity in State of the State speech

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27 January 2014

California's Democratic Party Governor Jerry Brown used the occasion of his annual State of the State speech last week to insist that nothing would be done to help the state's working class, which is struggling with almost unprecedented levels of poverty and unemployment.

The speech was delivered at a time when the state of California, the most populous US state, has its first budgetary surplus since 2002. Nonetheless, the governor signaled that, aside from a few modest funding restorations, austerity would continue.

"We can't go back to business as usual," Brown insisted. Rather than restoring cuts, Brown insisted that it was necessary to follow advice contained in the Book of Genesis to "put away your surplus during the years of great plenty."

Seeking to cover all his bases, the governor invoked the profane as well as the sacred. He had his staff hand out cards with his dog Stutter pictured on the front, with slogans such as "Bark if you don't like deficits" and "Don't let our balanced budget go to the dogs."

As a whole, the speech was characterized by a contempt for the working class of the state. The assembly of legislators gathered to listen to the governor had all the charm of a corporate board meeting.

Aside from a brief mention of "too many struggling families," the speech was perhaps most notable for the absence of any reference to the massive social crisis. This includes nearly 9 million people in the state officially considered poor, and millions more unemployed with little or no job prospects on the horizon. Words like "poverty," "poor," and "unemployed" appeared nowhere in the governor's address.

The governor considers unrelenting austerity to be a

political badge of honor. He was backed by State Senate Leader Darrell Steinberg, also a Democrat, who said the speech was a "clarion call to not forget where California came from over the last five or six years."

One of the governor's challengers in the upcoming 2014 gubernatorial election—former Goldman Sachs and later PIMCO investment management executive Neal Kashkari—was able to exploit the speech to absurdly posture as a friend of the poor. The multimillionaire and organizer of the bank bailouts under Bush and Obama asked, "How many times did the governor mention poverty in his 17-minute address? Not once. That is outrageous."

Since the current governor was elected, billions of dollars have been cut from university and secondary education, funding for AIDS research and prevention, mental health services, welfare programs, health benefits, prisons, state worker salaries and benefits and state infrastructure.

Nonetheless, the governor claimed, "This year, Californians have a lot to be proud of. For a decade, budget instability was the order of the day. A lethal combination of national recessions, improvident tax cuts and too much spending created a financial sinkhole that defied every effort to climb out. But three years later, here we are — with state spending and revenues solidly balanced, and more to come."

Standard and Poor's responded to the state's successful austerity drive by upgrading California's credit rating from stable to positive last week. The move was also in response to the absence of any significant restoration of funding in the current proposed budget for social programs, which have been decimated by years of cuts.

One example is the In Home Support Services Program, or IHSS, which provides meal preparation,

laundry and other services to the elderly and disabled. The governor's new budget maintains an across the board cut for IHSS as well as the complete elimination of overtime hours for IHSS workers. All recipients who require more than 40 hours of care per week will have to hire an additional IHSS worker.

The Supplemental Security Income (SSI) program, which provides grants to nearly 1.3 million disabled and elderly state residents to obtain food and basic necessities, will also see previous cuts retained. The governor's budget insures that cost-of-living adjustments are also cancelled for SSI recipients. This places the maximum SSI grant for recipients below the official poverty line at only \$877 per month for individuals and \$1,478 per month for couples.

The proposed budget also keeps in place 10 percent across-the-board cuts to the state's Medi-Cal program that provides health insurance to the poor. With the implementation of Obamacare, Medi-Cal coverage will be extended to individuals who are at or below 138 percent of the official poverty line. The governor's call for a \$10 minimum wage, supported by the trade unions, is in part designed to move millions of workers off Medi-Cal rolls and onto unaffordable plans under Obamacare.

The governor's new austerity budget is being proposed as new reports document staggering levels of poverty in California. The US Census Bureau's December 2013 report on the Supplemental Poverty Measure classified 8.9 million state residents, nearly a quarter of the state's population, as poor.

The Employment Development Department also recently reported that nearly 28.9 percent of the state's unemployed have been out of work for more than a year. The state's labor force participation rate has declined to 62.5 percent, the lowest level since the early 1970s,

California is one of the most unequal and socially polarized states in the country. Eighty-eight members of the 2013 Forbes 400 list live in the state, with a combined \$388.65 billion in wealth. The fact that such obscene levels of wealth cannot be touched underscores the fraudulent character of any state budget talks.

The governor's budget strengthens school privatization initiatives, including the Local Control Funding Formula passed last year. The initiative is part of the governor's overall drive to "subsidiarity," a vast

deregulation scheme in which legislative oversight and concomitant funding levels are transferred from the state to the local level.

The newly-proposed budget includes \$4.5 billion in new funding for the Local Control Funding Formula and also contains legislation to maintain continuous appropriations for the formula with regular cost-of-living increases. With the accelerated growth of charter and other private schools, the LCFF will be a means with which the state can funnel billions of dollars to private charter operators.

Also contained in the state budget are measures to strengthen the state's "rainy day fund," which in the current budgetary climate is a means to sequester funds for social programs in years of surplus and effectively make any and all cuts permanent.

The new proposal increases the size of the rainy day fund deposit from 5 to 10 percent of general fund revenues. It also creates a similar fund for the state's Proposition 98 funding guarantee for public schools that mandates a certain amount of general fund spending on public education.



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