Governor’s revised budget signals renewed attack on California workers

Dan Conway
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California Governor Jerry Brown has recently released his annual May Budget Revision, which will be used as a framework to craft the 2014-2015 fiscal year budget beginning on July 1.

After years of painful cuts, the state has a projected surplus of several billion dollars, however the new budget is nonetheless being seized upon as an opportunity to cut billions more from vitally-needed social programs and further impoverish the working class.

Among the programs due for continued austerity is the In Home Support Services program or IHSS. The program provides stipends to family members and care providers for the elderly and disabled.

As part of the 2013 state budget, state funding for IHSS already decreased by 8 percent. The May budget revision keeps this cut in place and additionally prohibits IHSS providers from working over 40 hours per week and collecting overtime compensation. This will insure that those recipients requiring more than 40 hours of care per week will be forced to seek out and hire additional providers. It is highly unlikely, however, that they would have the financial means to do so considering the overwhelming majority of IHSS recipients are in extreme financial hardship.

The budget also leaves cuts to SSI or Supplemental Security Income completely unchanged. This will leave SSI grants at $30 per month lower than they were five years ago. Moreover, cost of living adjustments for SSI grants were removed as part of the 2010-2011 budget and will not be restored under the new proposal.

The CalWORKs welfare to work program also will not see previous cuts restored. CalWORKS grants remain at $50 per month lower than pre-recession levels. Cost of living adjustments to that program which were removed as part of previous state budgets will also not be restored.

The budget retains massive cuts to education as well.

Since 2007 and 2008, state-subsidized childcare and preschool have been cut by nearly 40 percent, resulting in 110,000 children losing all subsidized care.

Similarly, cuts to the University of California and California State University system will be maintained, resulting in General Fund spending on a per student basis at the lowest level in 30 years. Hundreds of thousands of academically-qualified working class children have been priced out of nominally public universities with tuition and fees tripling at CSU and quadrupling at UC between the 1990-91 academic year and today.

As far as K-12 and community college education, the single largest expenditure from the state’s general fund is through what is known as the Proposition 98 guarantee that mandates a minimum level of spending at those institutions, typically 39 percent of state spending.

Previous years have seen the loss of billions in Proposition 98 funding under Brown. This year, however, the governor proposes to repay the $5.6 billion still owed to schools under the guarantee but only at the expense of ongoing Proposition 98 funding. In fact, the governor’s proposal makes a $742.2 million repayment of lost funding in 2012-2013 and 2013-2014 offset by a decrease of funding for fiscal year 2014-2015. Thus, compared to the previous years, spending on education would seem to have increased, but in fact, there is an ongoing cut to public education funding.

A large portion of what remains of Proposition 98 funding will be dedicated to the Local Control Funding Formula (LCFF) adopted as part of the 2013-2014 state budget.

The LCFF is an attempt to provide school districts with increased funding while allowing them greater autonomy to circumvent existing state laws and allow for the more rapid firing of teachers and staff. It also serves as a means to pump many lower-performing districts full of money before such schools get converted into charter schools or other private institutions.

According to a May report released by Stanford University’s Policy Analysis for California Education (PACE) center, the LCFF represents a golden opportunity to transform public education funding. According to David Plank, the center’s director, “This is very different from the way California has funded schools in the past.” The report cautions school districts from using such revenue to restore recent budget cuts in place of “supporting long-term strategies for improvement,” which presumably can only take place of the basis of less funding for students and schools.

While the report is not directly linked to the offices of Brown or the state government more generally, it accurately reflects their policy vis-a-vis the funding formula. The report makes quite clear that the real beneficiaries of the formula should under no circumstances be teachers and students already burdened by overcrowded classrooms and antiquated buildings, but handsomely-paid consulting firms and other private enterprises.

To that end, the PACE report calls for the hiring of additional instructional aides, “master teachers” and instructional coaches along with a wide array of new evaluation tools and technologies meant to fully implement the Obama administration’s Common Core Initiative and streamline the teacher dismissal process on the basis of scientifically questionable evaluation methodologies. According to the PACE report, the LCFF will help to “leverage the kinds of long-term institutional changes that are otherwise difficult to bring about in local education systems.”

While the LCFF continues to receive additional funding from the state, funding for traditional public schools is being rapidly cut. Funding for the LCFF is to increase each year incrementally until fully funded in 2020. At the same time, a portion of the governor’s budget also reduces cost of living adjustments, down to 0.85 percent, for non-LCFF programs including special education, child nutrition and American Indian Educational centers.

An additional and significant component of the budget’s attack on teachers are Brown’s proposals to address the state’s “Wall of Debt” or long term state debt, a large portion of which is comprised of unfunded retirement liabilities including teacher pensions.

The governor’s proposal reduces budgetary debt to $14.8 billion by 2014-2015 and would eliminate budgetary debt altogether by the end of 2017-2018. In order to achieve this goal, the governor would not only repay large scale municipal bond holders who have profited handsomely off the state’s financial misfortune, particularly after contrived credit downgrades by the three largest rating agencies meant to force through severe austerity, but by imposing larger costs on teachers and state workers to make up for unfunded retirements.

Under the proposed terms of the May revision, CalSTRs members will see their contributions increase from 8 percent to 10.25 percent of their pay or between about $1500 and $2500 per year based on current teachers’ salaries. Moreover, school district contributions are to increase from 8.25 to 19.1 percent of payroll phased in over the next seven years. Statewide, this amounts to $3.7 billion in additional contributions per year.

This is essentially designed to make payments to CalSTRs so onerous to local districts that they will be forced to let go of personnel, which they will have much greater flexibility to do under the LCFF and other anti-teacher lawsuits and legal actions under way in the state which are meant to remove due process rights for teachers.

While the state is also increasing its own CalSTRs contribution, from 3 percent of payroll in 2013-2014 to 6.3 percent, it is making this increase based on teacher retirements at 1990 levels. In other words, the state is not obligated to pay for any increases in pension rates since 1990 and moreover, the increases at the district and teacher level will be taken from Proposition 98 funding anyway.

The current budget not only keeps past cuts intact but insures that no significant restitution will occur in future years through the strengthening of the state’s Budget Stabilization Account or Rainy Day Fund which is meant to keep previous cuts intact by sequestering any state revenue increases in the fund to only be drawn upon in years of budgetary deficits.

The governor’s budget adds $1.6 billion to the existing rainy day fund for the coming fiscal year. Additionally, the May revision proposes a popular vote on a constitutional amendment after a two-thirds vote of the state legislature.

The amendment, if passed by the legislature and voters, would increase the maximum size of the rainy day fund from five to ten percent of general fund revenue. Additionally, it would require half of each year’s deposits to be used for paying down debts and liabilities rather than restoring social program cuts.

Moreover, rainy day funds may only be withdrawn in case of a natural disaster or if spending remains below the highest level of spending during the previous three years adjusted for changes in population and inflation. Essentially, this means that the rainy day is a mechanism through which ongoing austerity can be implemented.

With consummate cynicism, Brown announced his new budget to be “good news for California” at an initial press conference. When asked by a reporter if the public university system will even be able to function after so many cuts and tuition increases, he said, “First you have a desire, and then someone tells you how to turn the desire into a need and then the need gets turned into a law, and then the law gets turned into a lawsuit.”