

California's budget to hit Caltrans workers

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California Department of Transportation (Caltrans) workers, whose contract expired in July 2015, are facing a concerted effort by Democratic Governor Jerry Brown to force through another poverty contract. The last offer from the state included meager raises that are effectively wiped out by sharply rising retirement and benefit contributions. Brown's proposed state budget reveals a much broader plan to cut public employee labor costs and double the use of private contractors.

Caltrans workers are entering their ninth month of working without a contract and the union claims the state called off negotiations until July. The current offer on the table includes a 7 percent raise over four years that mostly goes directly toward employees contributing 4.6 percent of their pay to retirement. The rest is more than covered by rising healthcare and housing costs. This comes after nearly a decade of concessions contracts; the proposed raises would bring pay in line with what it was eight years ago, not counting inflation.

The governor's proposed budget shows that the attack on Caltrans workers extends far beyond the negotiating table. It combines an overall cut to Caltrans' budget along with a \$16 billion 10-year plan to increase maintenance projects. General fund expenditures for transportation will be cut by \$45 million, or 17 percent, and only partially compensated with increases in special funding for a total budget cut of roughly \$4 million to Caltrans. The executive summary of transportation spending calls for \$100 million in "cost saving reforms" from "Caltrans efficiencies."

The proposed efficiencies include "Staffing flexibility—Permit Caltrans to deliver projects funded with new revenue by doubling contract staff over the next five years" and an extension of the Public-Private Partnership program until 2027. According to the official Caltrans web site, that program offers private

firms a "reasonable return on investment" for them to carry out infrastructure work traditionally done by state employees.

The economic goals of Brown's proposal are twofold: first, to reduce the number of workers retiring in the Public Employee Retirement System (CalPERS) and, second, to make the public funds going to infrastructure directly available to business for private profit.

During the 2008 economic crisis, CalPERS lost \$95 billion, nearly half its value. While the banks that caused the crash were bailed out by the Obama administration, pension funds were not. Across the country, defined benefit plans were attacked by both major parties as unfundable. In Detroit, the 2013 city bankruptcy was used to bypass the state constitution and tear up public employee retirement benefits.

Within California, Stockton and San Bernardino have used city bankruptcy, while San Jose, under former mayor Chuck Reed, used a voter referendum to break pension obligations. Statewide, Brown has pushed for "pension reform," including his 2012 bill that raised the retirement age for new state hires to 67 and required larger contributions from all public employees to receive smaller payouts when they do finally retire.

In addition to lowering pension obligations, the governor's plans for increasing the use of private contractors is a method of making public funds available for private profit. Much like public education or utilities, funding for Caltrans is an economic deadend for investment banks and hedge funds. Money goes in as taxes and simply comes out as finished projects without paying dividends to any shareholders.

Under the slogans of "innovation," "flexibility" and "efficiency," corporations are seeking access to that money through charter schools, deregulation and outright privatization. The private companies are not able to provide a cheaper or more effective service, but

they can more effectively underpay their workers and cut corners and pocket the difference.

Brown's proposals in this regard are in line with calls from Republican politicians for massive layoffs and increasing use of private contractors in Caltrans. The California state auditor issued a report in mid-March, which pointed to inefficiencies in Caltrans distribution of maintenance funding. The report came to the mild recommendation that Caltrans "implement a budget model for field maintenance" that factors in "traffic volume and climate."

State Senator John Moorlach, a Republican, seized on the report saying, "This is more evidence that California's road problems aren't due to a lack of money, but rather a lack of competence at Caltrans." Last December, Republicans in the state Assembly called for firing 3,500 engineers from Caltrans and contracting the work out to private firms.

In the push toward privatizing infrastructure in California, the Democrats and Republicans have a useful division of labor. The Republicans push for extreme and immediate measures allowing the Democrats to pose with union support as representatives of the working class. The Democratic governor and state legislature then implement over several years the same anti-worker measures the called for by the Republicans.

When Brown ran for governor in 2010 he was endorsed by the International Union of Operating Engineers (IUOE), which represents Caltrans workers. Citing budget deficits, Brown has implemented a broad program of furloughs, pension "reform" and other attacks on state workers' conditions, all while supporting tax cuts for "job creators." In the words of one IUOE worker, "Brown has attacked us since day one!" He has done so with the support of the IUOE leadership, which presented Brown's cuts as necessary sacrifices.

Rank-and-file workers in the IUOE began calling rallies to pressure both the state and union negotiators. Afraid of losing control of dissatisfied workers, the union endorsed the rally at the end of February, but acquiesced to the state delaying negotiations until after the protest ended. The next rally will take place on April 8 in Sacramento, Fresno and San Bernardino.

The state has said they will delay negotiations until July, a full year after the last contract expired. In

response the IUOE has filed a toothless unfair labor practices complaint. The union is unwilling to wage a serious struggle to defend workers because that would involve a political fight against the Democratic Party that is carrying out the cuts.

In order to win living wages, Caltrans workers must appeal directly to the working class—including teachers, bus drivers, refinery and other workers—who are facing the same stagnant wages and benefit cuts enforced by the two big business parties.



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