

California state workers voting on new contract

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More than 96,000 state workers are voting this week on a new contract reached by Service Workers International Union (SEIU) Local 1000 and the state government. Prior to the vote, the SEIU aborted a planned strike, which had been approved by 92 percent of the union members.

The SEIU called off the strike, scheduled for December 5, even after the Sacramento Superior Court delayed a hearing on a court injunction sought by Democratic Governor Jerry Brown to prevent a walkout. Local 1000 President Yvonne Walker said the deal was a “pathway forward” and had achieved the goal of getting “a contract we can all be proud of.”

In fact, the deal is a concessions contract that will not stop the erosion of workers’ living standards in one of the most expensive states in the country. It includes a meager 11.5 percent salary increase over three years, which is actually less than the state’s initial offer of 11.84 percent.

A one-time bonus of \$2,500 is included but this will not be folded into hourly wages, which are used to calculate future salary increases, vacation pay and pensions. Certain job classifications that are in high demand such as actuaries and nurses are scheduled to receive greater increases in the proposed agreement, but most members will receive the standard terms.

The union has effusively praised the agreement and is actively working for its adoption. Walker wrote in a statement to the *Sacramento Bee* newspaper, “We fought hard to achieve a contract we can all be proud of; a contract that respects our work, values the services we provide to all Californians, and allows us to better provide for our families.”

The proposed agreement includes a net 3.5 percent increase in worker retiree health care contributions, which would begin in 2018 and end in 2020. The

proposed salary increase, however, would end a year earlier. Effectively, the deal means an actual cut in anticipated compensation, which would occur while the union negotiates a new contract.

The SEIU is deliberately withholding information in the “Tentative Agreement Overview,” which is posted on its web site. Presenting the concessions deal in the best light possible, the so-called highlights do not include the OPEB (Retirement Health Contribution) increase scheduled for 2020.

After years of salary cuts and unpaid furlough days, it is telling that the union’s negotiated deal is even worse than the state’s initial offer. If trends continue and the California Consumer Price Index rises to 2.3 percent, the net salary increase over the life of the contract will only amount to approximately 0.5 percent. In reality, the cost of living is much higher than government figures.

Trying to appease workers angry over declining living standards, the contract sets up a “task force” that will consider the compensation increases for those Local 1000 workers living in “particularly expensive communities.” Nothing of any significance will come from this.

On Wednesday, California Governor Jerry Brown released his proposed budget for the coming 2017-2018 fiscal year. According to the state’s revenue projections, the state will face a budget deficit of \$2 billion, the first time California has had a general fund deficit since 2012.

According to the state’s own admission, the fall in tax revenue is largely due to a sharp rise in the state’s low-wage labor force. The budget report states, “Over the last four years, the percentage of wage and salary growth from high-wage sectors dropped from 50 percent to 36 percent of total growth. From an income

distribution standpoint, this is a positive development. From a revenue standpoint, this is negative due to California's progressive tax structure." The summation says nothing about the massive tax cuts and other subsidies to Silicon Valley, Hollywood, agribusiness and the defense industry.

To make matters worse, other shortfalls are anticipated as a result of loss of federal funding under the incoming Trump administration.

The state's proposed budget seeks to address the projected imbalance through staggering cuts to essential services. The budget would pause rate increases in childcare and cut \$1.7 billion in public education spending while also ending Middle Class Scholarships for students and eliminating \$400 million set aside for affordable housing.

It is possible that revenues may actually increase before the budget's passage in June if tax receipts are better than expected. SEIU Local 1000, which was instrumental in supporting Governor Brown's election bid in 2010 and reelection in 2014, indubitably worked with the governor's office to keep the contract terms as low as possible in anticipation of a potential budgetary crisis.

The union is no stranger to imposing Sacramento's austerity demands. In 2010, the SEIU rammed through a 3 percent retirement increase contribution along with an increase in the minimum retirement age for all new hires. After the sellout, the SEIU boasted it had helped the state save tens of millions of dollars at the expense of state workers. "We've done our part to get the state through this unprecedented budget crisis," Walker said.

In 2012, the state's Pension Reform Act raised the minimum retirement age for state workers from 55 to 67. At the time Walker boasted that the act was "a good starting point for a new conversation about retirement security for all Californians."

The state of California is one of the most socially unequal in the entire country. With a nominal Gross Domestic Product of \$2.48 trillion in 2015, California is consistently ranked as one of the top 10 largest economies in the world in its own right. It is home to more billionaires than any other country in the world except for the US as a whole and China.

Throughout all major metropolitan areas of the state, the wealthiest 1 percent made an average of 30 times more than the average of the bottom 99 percent.

Housing costs have skyrocketed along with nearly every other necessary expense California workers bear. An average two-bedroom apartment in San Francisco costs \$4,760 a month; in San Jose, \$2,700; in Los Angeles \$2,650.

The massive growth of social inequality underscores what is always the great unmentionable when state and trade union officials discuss the need for austerity. There is more than enough money to provide all workers with a decent wage and decent retirement. This can only be achieved through the independent mobilization all workers across the state and across the country in opposition to both big business parties, the union apparatus and the capitalist system they defend.



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