California’s new budget and the social crisis in San Diego

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A recently released report by economists at the University of San Diego lays bare the consequences of the rapid unraveling of the California economy and the state's massive fiscal crisis for working people in San Diego County. Based on an index that measures six basic economic indicators—building permits issued, unemployment claims, local stock prices, consumer confidence, help-wanted advertising, and the national economy—the report concludes that the area has been in an almost unbroken decline since March 2006.

More than 30,000 unemployment insurance claims were filed in the county in January alone. During that same month, permits issued to build new housing dropped below 100, the lowest since 1973. Hiring fell for the 29th straight month, while consumer confidence has dropped 47 percent year over year from January 2008 to January 2009.

The University of San Diego report was released in the context of the passage of a new state budget for California. Signed into law with the overwhelming backing of Democrats in the state legislature, the budget imposes massive spending cuts of $14.8 billion in social services and public education, along with $13 billion in largely regressive tax increases, $11 billion in new borrowing, and $700 million in tax cuts for big business.

Unemployment rates in California have now reached double-digits, at 10.1 percent, amounting to more than 1.8 million people without jobs. This number is up from 6.1 percent a year ago, and 8.7 percent just a month ago, and is also well above the national average of 8.1 percent.

Although San Diego's unemployment rate is lower than the state's, it remains persistent. Unemployment rates in San Diego County were 8.6 percent for January. Reports show that 28,000 jobs were lost from December to January in San Diego and surrounding communities, with most losses coming in trade, transportation, utilities, retail, leisure and hospitality and professional and business services.

Housing prices in San Diego have also continued to plummet. Prices have dropped an average of 25 percent in San Diego County in the last year and nearly 40 percent from the market peak in 2005. Recently released data shows that nearly 30 percent of homeowners in San Diego are underwater on their mortgages, meaning their homes are worth less than what they owe on them, almost double the national average of 18.3 percent.

San Diego Mayor Jerry Sanders, a Republican, has begun his own effort to close the city's $54 million budget gap almost completely on the backs of city workers. Sanders is seeking massive cuts to the wages, pensions, and health benefits of workers, while cutting essential city services as well. The contracts of city workers in five unions will be voted on in April, and the unions have not put up any real opposition to the mayor's proposed cuts.

The city's pension fund, already in a bad position due to the actions of union and city bureaucrats, recently took a large hit when pension officials found out that $78 million of pension funds may be lost. Funds invested into a hedge fund may turn out to be a criminal enterprise. Two from the WG Trading Co. investment firm have already been charged with conspiracy, securities fraud and wire fraud. At one point in 2007, pension officials had up to $1.4 billion of city workers' pension money invested in hedge funds.

The San Diego Unified School District (SDUSD), the second largest school district in California and the eighth largest in the US, is grappling with the impact of the $5.9 billion cut in state-level financing for public education handed down by the recently passed state budget. The SDUSD currently oversees 221 educational facilities, more than 132,000 students and 15,800 employees in San Diego. SDUSD is one of San Diego County's largest employers.

The SDUSD recently approved a plan to offer its most experienced teachers early retirement packages in an effort to save the school district between $7.6 million and $12.3 million. According to the school district, 633 teachers would be eligible for the voluntary Supplementary Retirement Plan (SRP) and would be replaced by lower paid, less experienced teachers.

By enacting this early retirement program, the SDUSD is attempting to avoid teacher layoffs, which have become the norm for school districts across California. March 13 has been dubbed Pink Friday in California, because it is the last day for school districts affected by budget cuts to hand out tentative pink slip notices to employees. The California Teachers Association (CTA) estimates that nearly 18,000 tentative pink slips will be issued to teachers by that day.

The SDUSD is attempting to cover what is expected to be a nearly $77 million budget gap in next year's budget without handing out an excessive number of pink slips. Even if the SDUSD is able to avoid layoffs of teachers, others in neighboring districts are already being affected. Another local district, the Sweetwater Union High School District, recently handed out nearly 100 tentative pink slips in an effort to cover its $11.6 million budget gap.

The San Diego Education Association (SDEA), which represents teachers in the SDUSD, has greeted the SRP as a win for the teachers and supported the measure as a viable solution to save the district millions.

The SDEA is practicing a great deal of deceit on this issue. While it celebrates the fact that the plan will result in fewer pink slips for SDUSD teachers, it fails to mount any real opposition to the massive attacks on K-12 education, including class size, teacher workload and quality of education—all of which will suffer tremendously as a result of the budget cuts.

The SDEA, part of the CTA, works in close collusion with the state Democratic Party, which worked hand-in-hand with Schwarzenegger to hoist the present fiscal crisis onto the backs of the working class in California. The Democrats along with their backers in the CTA bear direct responsibility for the massive education spending cuts in the current state budget.

The SDEA, along with all the other affiliated divisions of the CTA, cannot lead a struggle in defense of public education as a whole because it is wedded to a political establishment that fundamentally defends the interests of the financial elite, not those of teachers, students and working people.

Workers must reject the view of the SDEA and the CTA and stand in solidarity with all workers—especially those in the education field, including counselors, secretaries, instructional aides, cafeteria workers, custodians, and school administrators—to fight the cuts in education and defend all jobs.