

California budget deal reached

Governor Schwarzenegger and Democratic leaders agree to major cuts

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California Governor Arnold Schwarzenegger and leading Democratic state legislators have reached a compromise over the state's \$26 billion dollar budget deficit, one that will involve \$15.6 billion in cuts, almost entirely from programs that benefit the working class and poor.

The cuts include more than \$7 billion from schools and universities, and several billion dollars in social services and health care. The deal also includes \$2.1 billion in forced borrowing from local governments, \$3.9 billion in new revenues, and \$2.7 billion in accounting manipulations, like moving one payday for state workers into the next fiscal year.

The entire state legislature will have to vote on the deal before it becomes final. However, it is expected to pass with the support of the two parties.

Schwarzenegger praised the final deal, declaring, "We accomplished a lot. We made government more efficient and also we're cutting waste, fraud and abuse." By "waste, fraud and abuse," the governor is referring to social programs for the most vulnerable of California's population.

Key Democrats also expressed their approval of the austerity budget. Karen Bass, the Democratic speaker of the California assembly said, "I would characterize this budget as shared pain and shared sacrifice."

Senate leader Darrell Steinberg, a Democrat from Sacramento, told the *Los Angeles Times*, "We have cut in many areas that matter to real people, but I think we have done so responsibly."

In fact, there is no "shared sacrifice" in this budget deal. The sacrifice is being borne entirely by the working class in California. None of the figures

involved even broached the possibility of increasing taxes on the wealthy or corporations.

In the weeks leading up to the deal, both Schwarzenegger and the Democratic leadership agreed that major cuts were necessary, with the Democrats favoring \$11 billion in cuts with some revenue made up through regressive taxes. Schwarzenegger insisted that there be no tax increases and wanted to eliminate key social programs like California's welfare program, CalWorks; a program for subsidized health care for children, Healthy Families; and a key financial aid program for college students, Cal Grants.

In the end, Schwarzenegger unsurprisingly received almost everything he was demanding, though some of the details of the deal are still unclear. The compromise includes no tax increases.

Over \$500 million will be cut from CalWorks and an additional \$124 million will be taken away from Healthy Families. In-home services which provide aid to the elderly and disabled will be cut by \$226 million. In addition, the lawmakers agreed to force caregivers to be fingerprinted, allegedly to prevent fraud. In fact, this will be another measure aimed at cutting spending for the needy.

Education in California has been devastated by a series of massive budget cuts, and the state's public education system will soon rank last in the country on such metrics as per-pupil funding. The \$7.3 billion in education cuts will be split between K-12 education and community colleges (\$4.3 billion) and university education (\$3 billion).

Tuition at the state's universities has already risen in anticipation of the budget deal. On Tuesday, California State trustees voted to approve a 20 percent increase in

fees and announced a mandatory two-day-a-month furlough of all employees. The education cuts will translate to fewer teachers, fewer course offerings, and larger class sizes.

State worker pay will be docked by \$1.3 billion, as 230,000 state workers will be forced to take off three unpaid days per month until June 2010. The furloughs constitute a 14 percent pay cut for state workers.

Municipal and County funds would be deprived of \$1.9 billion. Even if the funds are paid back in the coming years, this will not prevent immediate cuts across the state. Local governments have also been hit hard by a decline in tax revenues and are insisting on the funds now to offset any more strains to the social services that they provided. Cities and counties could also lose \$1 billion in local transportation, while the state also wants \$1.7 billion from local redevelopment agencies.

The legality of the state's hijacking of city and local government funds has been called into question, prompting a vote by the Los Angeles County Board of Supervisors to sue the state if the budget proposal took money away from highway projects and local redevelopment agencies.

In addition to losing money already earmarked for the county, Los Angeles is expected to cut \$53.3 million from CalWorks, \$22.1 million from substance abuse crime prevention, \$21 million from mental health care, and \$5.1 million from AIDS/HIV treatment and prevention.

In their letter proposal to sue the state, LA County Supervisors wrote, "For the State to balance its budget on the backs of the state residents most in need of help, and the counties that serve them, is fiscally reckless and morally bankrupt... Taking advantage of counties that serve the elderly, ill, mentally ill, disabled and the impoverished is wrong on its face, and it is illegal."

These cuts will not be the end. The state of California remains mired in deep recession. The ruling establishment of both parties is determined to use the crisis as a means of slashing social programs and driving down the living standards of the working class. The official unemployment rate is already 11.6 percent, and California has one of the highest foreclosure rates in the US.

The budget deficit will return in a matter of months and the onslaught on whatever remains of the social

safety net will begin again. As the Republican Assembly leader Sam Blakeslee put it, "There will be more work to be done."

This is the desired outcome of the federal government and the Obama Administration. Throughout the discussions on the fate of California, the administration has repeatedly refused any emergency financing. None of the trillions handed out freely to the banks have been made available to the state to prevent cuts in social services. On the contrary, the administration has demanded that these cuts be made in order to reestablish the "creditworthiness" of California.

In enforcing this policy, the administration is representing the interests of the most powerful sections of the financial elite in the country. California is seen as a model, with the rest of the states following with their own draconian measures.

The Socialist Equality Party calls for independent mass opposition to these cuts, based on a new socialist program for the working class. The SEP is holding a public meeting on August 1 at 2 p.m. in South Pasadena, "For a socialist solution to the economic crisis". We urge all workers and youth in California to make plans to attend this meeting. Contact the SEP for more information or to become involved.



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