

CALIFORNIA GOV. PROPOSES BROAD, PAINFUL CUTS FOR WORKERS AND PROGRAMS



Gov. Jerry Brown has advocated stringent measures to arrest the downward spiral of California's speedily growing deficit.

Allaying fears and assuring that this was a temporary measure to contain the deficit, he warned that failure to allow his proposal of higher taxes to go through would have dire consequences, and could lead to severe cuts in public education. The Governor said that the deficit had almost doubled, to \$16 billion, from the time he presented his initial budget proposal. The reason for this, he said, was lower-than-projected tax receipts, increased school funding and an all-round opposition to cuts. He said, he was hoping that his higher tax proposal would tide him through these difficult times, adding that he was depending on "one-time revenues to handle one-time problems. This is the best that I could do." In a morning news conference to announce his revised plan for the budget year, he said, "Cutting alone really doesn't do it and that's why I'm linking the serious budget reductions — real increase to austerity — with a plea to the voters: Please increase taxes temporarily on the most affluent and everyone else with a quarter of a cent sales tax." His new plan for the fiscal year that begins July 1, he has proposed \$8.3 billion in spending cuts. The spending cuts would increase reductions on the state's healthcare program for the poor, to \$1.2 billion. Workers would have to take a severe pay-cut, by having their working hours lowered from 40 to 38 hours, as a result of a 4-day week. Though how the worker unions are going to respond to this proposal is not known. It is expected to save the government \$400 million in salaries. Another sensitive area that Gov. Brown's plan will affect is home care for the elderly and disabled. Their share of sacrifice would be \$225 million cut that would include 7% sliced from aides' hours. Success of the Governor's plan depends largely on his belief that the voters will approve higher taxes in November. He has already cautioned them, in no uncertain terms, that without the increased levies, spending on public schools and community colleges would be cut by \$5.5 billion, and the University of California and California State University systems would be finding themselves poorer by \$250 million each. This could also mean that the students would have to pay higher fees. Popular programs like lifeguards at state beaches, could also find themselves on Brown's chopping block that would mean almost \$6.1 billion in extra cuts. Barbara O'Connor, director emeritus of the Institute for Study of Politics and Media at California State University, Sacramento, said, "These budget cuts have something in them that will hit every Californian. The pain will be severe. There have already been several previous rounds of cuts. These cuts will also endanger federal programs that California could qualify for." However, if the voters approved of his higher tax proposals, the reverse would happen. Public schools would get a funding increment of 16 percent as would the state's Universities and the University systems. Programs that were cut, would be restored and tuition fees could be reduced. California, compared to other states has been relatively slow in recovering from the economic downturn, following the depression. Unemployment, at 11 percent is among the highest in the US, Unemployment rate, has dropped a full percent, and was at 8.1 percent in April. Foreclosures are amongst the highest for any state, and the construction industry continues to stay down in the dumps. "Given the decade of fiscal disconnect, I've committed to righting the ship of state and getting it into balance," the Governor said. "Otherwise, we borrow and sink deeper into debt." Since the recession in 2007, the people have faced tens of billions of dollars in budgetary cuts. It is uncertain which way the vote will go when the proposals face the ballot. Jack Pitney professor of government at Claremont McKenna College says, that fear of worse cuts, may boost support for the Governor's proposal, but, "California voters might decide that sending more tax money to Sacramento is like investing in JP Morgan."