

California budget cuts only the beginning

by Brian Lantz

On Sept. 2, after 64 days without a budget, the California legislature and governor agreed to a plan that slashes public assistance, Medicare, funds to city and county governments, and state employment. However, even with a 5% gross cut in overall expenditures, the \$57.4 billion state budget is balanced only on paper.

State Finance Director Tom Hayes pointedly remarked that the state of California's revenue projections are based on an expected recovery from the "recession." Therefore, by year's end, it will become apparent that the state, already suffering from an actual 25% unemployment and underemployment rate, and more bankruptcies than anywhere else in the nation, never stopped hemorrhaging. Gov. Pete Wilson and the legislature have only agreed to postpone further cuts until after the November elections.

Surrender

One tasteless joke going around the state capitol in Sacramento was that the California legislature could be likened to the Iraqi Army: They were simply wandering about, looking for someone to surrender to.

Reflecting the void existing in U.S. policymaking circles, the Democratic Party and elected officials had no idea of what to do. Governor Wilson demanded, and ended up getting, across-the-board cuts and no formal tax increases. The Democratic-controlled state Senate and Assembly agreed to cut public assistance benefits by 5.8%, including to the aged, blind, and disabled. Welfare benefits to newcomers to the state would be capped for one year at the level offered in their old state—regardless of differences in the cost of living. Elderly and disabled receiving in-home care assistance will receive several hours less care each month. A parent with two children receiving assistance from the Aid to Families with Dependent Children program (AFDC) will see his or her grant drop from \$663 to \$627 a month. This follows a 4% cut last year.

There will be a \$1 billion cut from the budgets for public schools and community colleges. The Los Angeles Health Department faces \$77 million in cuts in its totally inadequate \$2.2 billion budget. California State University students will see a 40% increase in student fees, retroactive to the beginning of the fall term.

A total of \$1.3 billion will be taken from local govern-

ments, over 25% of past state disbursements. Counties will lose \$525 million in property tax revenue, and cities' revenue will be cut \$200 million. Some 5,000 to 8,000 county workers will be laid off in Los Angeles County alone. State administration costs will be cut by 15%.

Slashing public assistance

Nowhere are the implications of these budget cuts clearer than in the area of public assistance—"welfare." Aid to Families with Dependent Children makes up only 6% of California's general budget fund, yet proportionately those receiving public assistance are to take the biggest "hit" in the new budget. Contrary to common prejudice, more than half of AFDC recipients are no longer on aid after two years, and only one in five children raised in families who receive AFDC monies has become "highly welfare dependent." Yet Wilson and the legislature have cut public assistance payments by over 10% in the last two years.

If Wilson has his way, this will only be the beginning. Wilson is sponsoring Proposition 165, to be voted on in the November election, which will cut AFDC payments by another 25%, *making children and their mothers the victims of a 35%-plus cut*. Over 70% of AFDC recipients are children. The typical AFDC family is already significantly below the poverty line.

Education cuts in place

California's funding of basic education, from kindergarten through grade 12, was the only part of the state budget that was not cut outright. Governor Wilson wanted \$2 billion cut from schools, and it might appear that Wilson gave way and families won, since funding for grades K-12 will be kept at \$4,185 per pupil a year. But this is not really the case. First, due to the real rates of inflation and other locked-in cost increases, the California education budget actually represents at least a 5-10% cut. Further, \$1 billion of the monies for basic education are a "loan," which will have to be paid back over the next two years. The effect will be to hold the education budget flat for the next three years, \$1,100 per pupil below most of the country.

The effects are substantial at the school level. Before the new budget, the Los Angeles Unified School District was already in deficit by \$400 million and demanding that teachers accept a 14% cut in pay. Now there must be more cuts—in libraries, custodians, and teachers. Many of the state's school districts are already teetering on the edge of bankruptcy.

On the horizon one sees where Wilson and the legislature will take the state of California. In his November ballot initiative, Proposition 165, Wilson would be given autocratic powers to handle the continuing budget crisis. Proposition 165 provides that, if the legislature becomes paralyzed for any reason, after 30 days, the governor's version of the budget would automatically go into effect. Surrender, indeed.