

## Job Creation vs. Job Elimination

"Jobs provide a solid foundation for families. Jobs add revenues to the state budget. Jobs give stability to our society. Jobs. Jobs. Jobs. The more jobs the better. I am going to become California's Job Czar." Governor Arnold Schwarzenegger, State of the State Address, January 6, 2004

Contrary to the rhetoric, high-road jobs will be lost by the tens-of-thousands under the proposed budget. State workers, construction, transportation, education, and health and human service sector workers will be especially hard hit by the changes.

***Jobs will be cut back as essential government services are eliminated and work traditionally performed by the state is contracted out:***

- **Education** – Increasing undergraduate student fees at 10% at UC and CSU, increasing graduate student fees 40% at UC and CSU, and increasing Community College student fees from \$18 per unit to \$26 per unit will decrease enrollment and lead to significant layoffs for teachers.
- **Transportation** – Cutting transportation construction and repair projects and repealing the Hi-Speed Rail bond Scheduled for the 2004 ballot will lead to the loss of tens of thousands of family-sustaining jobs. The budget suspends Proposition 42 transfer of \$1.127 billion.
- **Health and Human Services** – Reducing funding for hospitals and the homecare system will result in tens of thousands of job losses:
  - **IHSS** – Cutting the In-Home Supportive Services program by 30% by reducing state funding for worker wages and benefits and making the employer of record requirement optional for counties (thus undermining recent organizing efforts that have raised wages for these workers through unionization);
  - **Nursing Homes** – Eliminating of the Wage Adjustment Rate Program that provides supplemental payouts to certain long-term care facilities for salaries, wages, and benefits.
  - **Developmental Services** – Contracting out food services at DDS centers for a projected \$1 million savings.

***The Proposed Budget will Replace Good Jobs with Subcontracted Poverty Jobs***

The Administration proposes to privatize as much of government as possible in the hope of saving the state money. Experience with contraction out government services, however, shows that it usually generates no savings since corporations seek to bolster their bottom line by pressuring the state for more money. Moreover, corporations must

train new workers in jobs that took years for seasoned state workers to learn, and the quality of the service provided drops.

Meanwhile, the companies provide substandard wages and benefits for their workers to increase profits.

- **Food Services for DDS** - The budget proposal calls for contracting out food services at Developmental Centers for a projected cost savings of \$1 million.
- **Constitutional Change** - The budget states "The Administration will be pursuing a new Constitutional amendment to expand Article XXII to permit the State to contract with non-State entities for ministerial functions whenever doing so will reduce costs, improve efficiency, or improve services."
- **City and County Jobs** -- Taking money from local government will inspire more calls for contracting out of city and county jobs.
- **Prohibiting contracts and overturning law** -- The Administration will use administrative and legislative action to promote contracting out including Executive Order 4 which will prohibit any new state contracts and the repeal of SB 1419 which requires school officials to analyze potential costs savings from privatization.

### **Reverberations of the proposed budget will be felt for years to come by working Californians:**

- Workers will not be able to get the training and educations they need to secure high-wage, high-benefit jobs that have career ladders;
- They will be denied the healthcare they need to be productive members of the economy (Cap on Healthy Families; Increased share of costs for families on Medi-Cal and Healthy Families, Repeal of SB 2);
- They will experience longer commutes to work (road deterioration and lack of public transportation infrastructure);
- They will have to pay for more for childcare (childcare subsidy program);
- They will have longer waits for social benefits (Worker' Comp; Unemployment Insurance; Paid Family Leave Benefits) as the number of state workers processing claims falls.

In summary, the Administration's proposed budget will lead to the ratcheting-down of the quality of life for California's working families.