

CFT Convention
State of the Union Speech by Martin Hittelman
March 21, 2009

First I want to thank the CFT employees for all of the work that they do. . Let's give them your thanks for all that they do to support our locals and help the CFT function.

I want to especially thank Margaret Shelleda our Executive Director for her outstanding work.

The CFT has continued, over the last year, to put our financial house in order. Much of the credit for the better accounting of our money goes to Dennis Smith and our bookkeeping staff. Our CFT Executive Council and our State Council have done their parts as well in keeping our budgets in line with our revenue. Last year we had a balanced budget - if you don't consider our long-term financial obligations under our employee retiree pension and health plans.

This year we won an award from AFT as one of the state's with the largest increase in membership. We will honor the new locals and those that have grown, later in the convention. You are all aware of the horrendous State budget that was passed and then amended to make it even worse. The cuts to education were particularly deep - both the mid-year cuts in the 2008-9 budget and the resulting 2009-10 budget. Since the original Proposition 98 guarantee for K-14 was calculated, there has been a cumulative 2008-10 reduction of \$10.5 billion. The Legislative Analyst office has written that another \$3 billion Proposition 98 cut will be required to be made to the 2009-10 budget. The LAO has even proposed that the hole be filled with \$3 billion in federal stimulus funds that are supposed to be used to reduce cuts in school employees. The cut to the University of California and the California State University systems over 2009-11 now stands at almost \$1 billion.

The legislature responded to the \$40 billion state deficit, not by increasing revenue on a permanent basis, but rather by enacting a number of temporary tax increases - all of them regressive. The affect of their actions will increase taxes on the bottom 20% income earners by almost 1% while increasing the rate for the top 20% by less than one-half percent.

And instead of addressing the problem of permanent funding, the legislature moved to allow more "flexibility" in the use of school funds - as if that saves any money. But their action contributes to a public perception that education is not underfunded, we just don't use the funding effectively enough. But no matter, the legislature bowed to the governor's "solution" and consolidated K-12 categoricals into three categories. Those left alone, those cut by almost 20% over two years but still with restricted use, and those cut by 20% over two years with no restrictions on their use. The details of which categoricals are in which group is contained in a brief included in your convention bags.

We opposed the "flexibility" approach because we believe it will put some very important categoricals at risk. We believe that the K-12 result will cause real harm to the education of our students as class sizes are increased and important programs like Adult Education, advanced placement programs, and supplemental instruction are reduced.

As categorical programs are reduced or eliminated, we will not retreat into amnesia, conveniently forgetting the conditions that gave birth to those programs. And those conditions are likely to return with their elimination or reduction.

The Democratic leadership showed us once again that, under the restraints of a 2/3rd vote for passage, they do not know how to negotiate nor use their power in negotiations. Our legislative leaders have not yet learned that negotiations are simply a euphemism for capitulation if the power of the negotiator is not made clear at the bargaining table. The Democrats have forgotten the important fact that the source of their power is organized labor in California. As a result, they have seemingly turned their backs on us.

Perhaps the worst aspect of the budget fight this year was how the Democratic leadership deliberately kept us in the dark as to what they were planning to present to the Legislature for adoption. We expected that the no-tax pledging Republicans would make it very difficult to pass a reasonable budget, but we did not expect our so-called friends to approve a budget that may permanently reduce education and other important state services.

We did not expect that they would water down reduced class size requirements. We did not expect to see increased corporate tax loopholes when what we need is more revenue, not less. We did not expect that all of the taxes that they increased are regressive and temporary and that they, at the last minute, would agree to a percentage tax increase for all taxpayers instead of a surtax on taxes owed. The surtax would have been a flat tax. The percentage increase in the income taxes approved will change the rate charged to a family earning \$40,000 per year increases by 13% but only 3% for a family earning \$750,000 per year.

Republicans may believe that regressive taxes are the answer but the Democrats we support should understand that regressive taxes are not the avenue to take. We will continue to advocate for a fair tax policy and in that effort, we have only begun to fight.

We did not anticipate that virtually all of the Democrats would sit by and let their leadership dictate what they would vote for and what they would not - and then allow their leaders to punish those (Warren Furutani, Tony Mendoza, Sandre Swanson) that had the courage to stand with us and oppose the deadly Rainy Day Fund by taking away their chairmanships of committees.

We had many organizational allies in the fight against budget cuts and for more progressive taxes this last year. We lost that battle. We cannot stop fighting. Our students and our members depend on it. When we struggle, we can fail. But when we don't struggle, we have already failed.

And that brings us to the May 19th election. The Legislature and the governor have placed six propositions on a special election ballot. The first is a rainy day fund proposal (Proposition 1A) that would eventually place 12.5% of the State Budget in a reserve fund to be used only under very limited conditions. Every year it would drain 3% of the budget into two reserve funds (actually 5% from the non-Proposition 98 portion of the budget, none from the Proposition 98 side). 1.5% would go into an education reserve fund and the other 1.5% would go into a rainy day fund.

Under Proposition 1A, any growth in expenditures is limited to the change in COLA and population growth and can never grow beyond a regression line growth calculated by using the budget over the previous ten years.

Proposition 1A makes no allowances for the combination of an aging population and increases in the cost of medical care that exceed that of the overall Consumer Price Index. It does not factor in any need to repair education and other budget cuts in the last several years and it begins with a low funding level.

The Republican goal with Proposition 1A is to severely limit the growth of government spending in California. Proposition 1A got on the ballot when the Democrats, desperate to pass any budget, yielded to the few Republicans that were willing to vote for the regressive taxes and, in reward for their votes, put Proposition 1A on the ballot.

Proposition 1A is a power grab by the governor. If 1A passes, the governor will achieve the right to make cuts in the budget, without the agreement of the legislature, whenever his fiscal office determines that projected revenues have decreased since the budget was passed or projected expenditures have increased. This would upset the balance of power between the legislative, executive, and judicial branches of government in California.

In the past, when K-14 funding fell below the long-term funding target under Proposition 98's Test 2 (driven by K-12 enrollment and per capita income growth), the money was owed under the Maintenance Factor and then restored to the minimum funding guarantee as increased revenue came into the state.

The governor's Department of Finance has concluded that no maintenance factor is required when the funding is determined by Test 1 (a Percentage of the General Fund) of Proposition 98 and this year we appear to be in Test 1. The amount under dispute is \$9.3 billion. Proposition 1B on the May 19th ballot would require that the \$9.3 billion be restored to K-14 over the next 11 years, beginning in 2011 with about \$1 billion per year taken from an education reserve fund. By our interpretation of Proposition 98, it does not take a Proposition to require the \$9.3 billion increased benchmark. We believe the shortfall is required to be returned to the guarantee as revenue increases whether under Test 1 or Test 3. But the governor sees it differently and so, I suppose, did the legislative leadership. A law suit could be filed and either side might win - thus Prop. 1B is designed to avoid a law suit on the requirements under Test 1.

Campaign experts believe a major factor in the fate of the ballot measures is whether labor unions and others supportive of state services, who oppose the spending limit in Proposition 1A, will spend millions of dollars to fight the measure. And so, the State legislative leaders included a \$16 billion extension in tax revenues beyond their temporary two year life only if Proposition 1A is approved by the voters. This was seen as an incentive for such groups to not oppose the state cap proposal. The legislative leaders also included the provision that failure to pass 1A would trigger the non-implementation of 1B's guarantee of \$9.3 billion to K-14 in order to persuade educational employee unions to not oppose 1A. And so this legislative coupling of Proposition 1A and 1B and the two year extension of the temporary tax increases has created a poison pill which opponents of Proposition 1A must be willing to swallow.

One fact should be made clear - no effects of not swallowing the poison pill will occur during the 2008-09 and 2009-10 fiscal years. If Proposition 1A is approved, the Sales tax would be extended for 2011-12, the Vehicle License Fee would be extended for 2011-13. The personal income tax would be extended to the 2011 and 2012 years. So any loss of income to the state caused by the loss of Proposition 1A would not occur until after the election of a new governor and legislature in 2010. In fact, if Proposition 1A fails, there will be no loss of funding to education or other services in the 2008-09 or 2009-10. Lost revenue would start happening after a new governor and legislature are elected in 2010. At that point or even before, action could be taken to fill the holes in the 2010-11 and beyond budgets with a different approach.

Two relatively small groups, usually on opposite sides of policy debates - Health Access California and the Howard Jarvis Taxpayers Association, have joined together to fight Proposition 1A.

In Sunday's discussion of the propositions, I will be advocating that CFT join SEIU, the League of Women Voters, the California Faculty Association, Health Access, the Consumer Federation of California, and the California Alliance for Retired Americans (CARA) to oppose Proposition 1A. I believe the passage of Proposition 1A would result in a crippling of state government for many years to come.

In any case, we need to express our outrage over the budget that was adopted and the impact on education and social services. And we have. We have established a sub committee of the Executive Council, headed by Josh Pechthalt of UTLA), that has been developing and implementing our strategies and plans for now until the 2010 General election.

We have had editorials printed in major California newspapers. We have run radio ads and helped to finance television ads. We even ran a moving billboard in the districts of targeted Republican assembly members. Many of our locals have joined the fight by organizing members to protest cuts with demonstrations, marches, and other activities. Tens of thousands of our members have attended protest rallies all around the state. Just this week over 10,000 students, faculty, and support staff came to Sacramento to rally against the budget cuts. If you have participated in any of these protests over the budget, please stand.

But we and a very broad coalition lost this year's battle for a reasonable state budget, and we now face layoffs of our members.

Shakespeare wrote, in the Merchant of Venice, "You take my life, When you do take the means whereby I live" and those words ring as true now as they did when they were written.

It is a public outrage that there are educators that are out of work when there is so much work to be done and so few qualified to do that work. It is an outrage that we will be losing some many and committed young teachers and classified staff. At a time when the federal stimulus is aimed at decreasing the unemployment rate, our government representatives are creating more unemployment.

The CFT will do all that we can to fight the laying off of any of our members. We will help you organize resistance, dig deep into district budgets to find pockets of money, and try to development

community support for educators. But it is clear that we will be unable to negotiate with our employers to not lay anyone off unless we have first developed the political clout at the local and state levels to compel real negotiations. And that is one of your jobs at the local level.

The CFT is now advertising to hire a political organizer to help our locals and CFT grow stronger politically. The position is fully funded by the AFT for three years and eventually CFT will be paying half the cost of the position with AFT picking up the other half. The addition of this new staff member will help us to become better politically organized.

The CFT can and will help locals organize, but the activities must be done on the ground level - in our locals. Real union solidarity is sticking together, not getting stuck together. We hope that when you get home, you will rededicate yourselves and your locals to winning better contracts and state budgets by using the political process and the increased power to our best advantage.

We are living in a time that feels like stepping into an elevator and punching the up and down buttons at the same time. The California economy, our communities, our education system are all in crisis ... but on the national level we see reasons for hope. The election of President Obama has given us a vision of a better and possible future. And we now await the results of a real stimulus package that could help to reverse some of the draconian cuts made by our own deeply flawed state legislature

The American Recovery and Reinvestment Act will bring over \$31 billion in federal aid to California. \$8 billion of this money is designed to go to education to hopefully help reduce the cuts that we are experiencing and to address Title I, Individuals with Disabilities, Child Care and early childhood education programs.

Obama has made significant strides in just a few months -

- \$634 billion toward paying for a health care plan;
- \$100 billion investment in clean energy technology;
- expiration of tax breaks for the wealthiest Americans;
- the closing of multi-billion-dollar tax loopholes for big oil companies;
- increased Pell grant funding;
- expanded access to early childhood education;
- negotiations now possible for better prescription costs for Medicare;
- access to family planning;
- cap and trade policies on pollution;
- and the beginning of reduction of troops in Iraq.
- He is even going to include the cost of our continued occupations of Iraq and Afghanistan in the budget so that, finally, this enormous waste of our society's capital can be debated publically.

Obama has opened up the opportunity to do stem cell research. The President has pledged to elevate the role of science in his administration by ensuring that scientific data is never distorted or concealed to serve a political agenda and that we make scientific decisions based on facts, not ideology. What a breath of fresh air.

We are finally dealing with an approach to decision making that involves evidence, not just pre-conceived ideas. A rational dialogue, supported by the facts, should serve us well as we educate our

President on the harmful effects of performance based pay. Yes, we are concerned with the recent remarks made by President Obama with respect to expansion of charter schools and performance pay. AFT will be helping the president to understand why this approach is not helpful. He needs to be presented with the arguments and powerful evidence that expose the dangers to education posed by performance pay. But we are educators and he is certainly capable of being educated.

We have many serious reservations concerning charter schools – their negative impact on public school funding, dangerous trends toward the privatization of public schools, and dilution of unionized membership among our work force. Despite these concerns, we must continue to organize our brothers and sisters working at charter schools. I believe that, over time, educators working at charter schools will realize how important it is to have the united voice that a union can offer. They, too, need us. And we need them.

The Social Security Fairness Act (S 484 (Feinstein) and HR 235), that would treat our STRS retirees fairly with respect to any social security pensions that they have earned, now has a chance of passage.

The reauthorization of NCLB will take some time and we do not expect a reauthorization this year. AFT is working on fixing Average Yearly Progress (AYP) and the many other problems with NCLB. Secretary of Education Duncan has said he will take a 6 month listening tour around the country to hear from educators, parents, students, and others to hear what changes need to be made in the law. Hopefully, this is an indication of change to come under the Obama administration.

We are continuing to work with other groups to support a universal single payer health care plan at the national level. It will be an uphill battle as many want to start with an intermediate solution that will eventually lead to universal single payer. We continue to work for single payer since only with the elimination of the health care insurance companies can a solution occur that provides both quality health care for all and a price we can afford.

One of our biggest challenges as educators is to close statewide and local achievement gaps. We will join Obama and others in working to that end, beginning with the full funding of early childhood education.

We have other renewed possibilities in Washington with the election of Obama. We are working to pass the Employee Free Choice Act even though we are public employees, and the act applies only to those who work in the private sector. As union members we have a sense of independence and self-worth - dignity - the ability to stand up to the boss - something that all workers should enjoy. All workers should have the real right to join a union and the Employee Free Choice Act is a step in that direction.

Now is a time of many threats – and, as in the thirties, our times call for a true union movement – it's needed now more than ever. This is a time for hard work and selflessness and it is an historic moment. We are presented with a chance to truly transform our lives and those of our fellow workers.

Public employees continue to be under attack for having good health care coverage and pensions. That attack will lose much of its steam when workers, organized in the private sector, obtain the same level

of benefits. In short, when unions make gains in the private sector it makes it easier to hold on to our gains in the public sector.

AFT, CFT, NEA and CTA have begun a conversation initiated by the Community College Council of CFT and the Community College Association of CTA regarding the possibility of uniting our community college councils. The hope is that by combining the strengths of CCC and CCA, we will be able to more effectively advocate for community colleges and our interests. Those shared interests include increasing the full-time/part-time faculty ratios as well as moving toward equity in pay and benefits.

In closing, let me remind you of a few things.

Power is not just what you have but what people think you have.

What does labor want? We want more schoolhouses and less jails, more books and less arsenals, more learning and less vice, more constant work and less crime, more leisure and less greed, more justice and less revenge. Samuel Gompers 1893

The greatest weapon in the arsenal of the oppressor is the mind of the oppressed." —Frantz Fanon

Our goals are goals for all Americans - and the real enemies are the enemies of progress.

With your help, we will forge a progressive alliance in California to move our state forward.

In 2010 we will elect a governor that favors public education and supports public services. We will elect a legislature that will pass a reasonable budget. We will eliminate the two-thirds vote to pass a budget and we will defeat any anti-union or anti-worker initiatives.

In the words of our President, YES WE CAN.