



WSLC Legislative Update

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The economic harm of privatization

Replacing good jobs with bad doesn't save money, it exacerbates recession

This week in Washington, D.C., Boeing CEO W. James McNerney, Jr. managed to make Senate Majority Leader Harry Reid so angry that Reid reportedly "dressed down the CEO and walked out of the meeting."

A group of CEOs from 12 major corporations were meeting with congressional leaders to urge that their job-creation efforts not focus so much on small business and instead that they also spread the love (read: tax incentives) to big businesses. Apparently, McNerney was the most outspoken of the gilded group, lecturing Reid that for every job created at Boeing, two small business jobs are created indirectly—a talking point very familiar to us here in this Washington.

We don't know what exactly set Reid off. Given that the CEOs reportedly went silent when congressional leaders asked for their help passing health care reform, and given that through the U.S. Chamber of Commerce these very firms have opposed just about every Democratic legislative proposal offered since President Barack Obama took office, perhaps it was the sheer audacity of their palms-out request.

(But just imagine! Scolding Boeing's CEO and bolting?! In Olympia, the appropriate response to Mr. McNerney's requests is more along the lines of, "Would you like more grapes or should I just keep fanning you, my liege?")

Let's set aside the fact that Boeing continues to outsource its work—often outside of this country—with the specific goal of creating *fewer* Boeing jobs. Let's also set aside that just last Friday another 1,000 Boeing workers got pink slips, so by McNerney's calculations, the profit-posting jetmaker just laid off another 2,000 small business employees as well.

Let's discuss the fact that our State Legislature is poised to do the same thing: eliminate good public-sector jobs that have a multiplier effect by creating and supporting small business jobs in our communities. Whether it's liquor, prisons or

printing, certain legislators insist the private sector will do its "efficiency magic" and save the state some money.

Here's how that magic works: "I'll pay people less money and offer them fewer benefits to do the same work, so I make a profit. But in order to secure that government contract, I will make whatever promises are necessary, even if it means operating at a loss in the short term, until the government dismantles its infrastructure and can no longer do this work itself. Then they are at my mercy. Mu-hu-ha-ha-HA!")

Okay. It's not really that sinister. And private contractors are not dastardly do-wrongs. But that is exactly how it works.

So when legislators say, "let's privatize this to reduce the size and scope of government," they are really saying, "let's try to save some money by outsourcing to companies that pay people less."

You know, be like Boeing!

But if your goal is to create jobs, jobs, jobs—like everyone, including us, says is their legislative priority in 2010—then privatization would do just the opposite. It would kill family-wage jobs that

boost local economies by creating small-business jobs. (State employees eat, shop, drive and recreate just like Boeing employees.) And it replaces those jobs with lower-paying ones, engaging our state government in the corporate race to the bottom, not only in terms of living standards but also state revenue in this sales-tax driven state.

There couldn't be a worse possible time to do this than today. Even proponents agree there are short-term costs, not savings, associated with dismantling public infrastructure.

With this week's release of House and Senate leaderships' budget proposals, here are the bad ideas still on the table:

LIQUOR STORE PRIVATIZATION: Yes, it's still alive—in the House budget proposal.

As the Rev. Jimmie James and Rep. Zack Hudgins noted in an excellent guest column in today's Seattle Times, this

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issue isn't just about jobs, it's about the fact that our state liquor store system generates desperately needed revenue—nearly \$500 million per biennium and another \$100 million to local governments—while protecting the public with the best no-sales-to-minors compliance rates in the nation. (That's what happens when you have employees with decent jobs, they get all experienced and conscientious on you.)

But since we're talking about jobs and the economy today, in addition to the above-listed reasons for opposition, Gov. Chris Gregoire points out that the big retailers would surely outbid small Mom-and-Pop contractors for liquor licenses. In other words, liquor store privatization means replacing several hundred family-wage state jobs, and the multiplier jobs they create, with *nothing*—just existing jobs at Wal-Mart and Rite Aid. How exactly does that help the state?

CORRECTIONS PRIVATIZATION: The Senate budget gives the Department of Corrections a \$12 million carrot to close down and/or decrease prison populations at McNeil Island Corrections Center near Steilacoom, Larch Corrections Center near Vancouver, and Pine Lodge Corrections Center for Women in Medical Lake. The effect is to eliminate 1,500 beds while capping prison population at 2008 levels.

This means that when enrollment increases, even though our state has the capacity, we would be forced to privatize our prison population by outsourcing to out-of-state prisons. Hawaii and other states that export their prisoners have had to backtrack, bringing those prisoners back in the face of costly lawsuits over inmate sexual abuse and mistreatment.

At a public safety forum in Seattle last night, King County Prosecutor Dan Satterberg summed up our thoughts on this issue nicely. Discussing the \$8-an-hour security guards who didn't come to the aid of a girl being beaten in the downtown Metro transit tunnel, he said, "that's what happens when you try and do public safety on the cheap."

STATE PRINTER PRIVATIZATION: This is in the Senate budget because Sen. Rodney Tom (D-Medina), vice chair of the operating budget, wants it there.

"We're going to have to resize the footprint of government," Sen. Tom recently told The Olympian.

That footprint would be the one on the backsides of more than 100 state employees at one of the state's oldest agencies, founded in 1854, where 20 jobs have already been shed this year.

HB 2969, prime sponsored by Rep. Zack Hudgins, has the right approach. It would maintain the good family-wage state printer jobs, protect their collective bargain rights, and by merging the state printer into the Department of Information Services, will save the state about \$ 6 million.

The Washington State Labor Council urges legislators to focus not only on the quality and value of the services pro-

vided by hard-working state employees, but also the negative ripple effects experienced in local communities when good public-sector jobs are eliminated for no reason other than to achieve "smaller government"—not cheaper, just smaller.

These days, the lives and livelihoods of real people, in both the public and private sectors, deserve more consideration and care than they are getting from bottom-line-blinded international corporations. They deserve better from the public's employer.

Surprise! House proviso would close Cascadia

Did you know Washington is home to what one national publication says is the second best community college in the nation? And did you know that the House budget proposed this week to shut it down?

A proviso was slipped into the House budget proposal to close Cascadia Community College, merging it into the Lake Washington Technical College, and have its property essentially handed over to the University of Washington-Bothell campus. This is about helping the UW achieve its long-standing goal of having a four-year accredited campus in Bothell, as opposed to having students attend Cascadia for two years and then UW-Bothell for two more.

This would not be a cost-cutting move; it would cost more than it saves. We're sure proponents of closing Cascadia might argue otherwise. But guess what, we don't know for sure what they think -- or who the proponents even are -- because this proposal has never even had a hearing. It's brand new. It took Cascadia's president, its faculty, its union, and even the State Board of Community and Technical Colleges completely by surprise. No communication, no public process.

We are told that an agreement already has been reached to remove the Cascadia-closing proviso. We certainly hope that's true.

Cascadia was recognized by Washington Monthly magazine as the second best in the nation based on its "teaching techniques that have been proven to lead to better learning, such as how often students collaborate with other students and interact with faculty." Cascadia's innovative curriculum, its growing student population and its committed faculty deserve better than to be threatened with closure by some back-room deal.

Check bills' status on the Legislative Tracker

Today is the deadline for bills to pass non-fiscal committees in the opposite house; next Friday, March 5 is the deadline for bills to pass the opposite house; and the session is scheduled to end Thursday, March 11. Check our Legislative Tracker™ at www.wslc.org where you can "track" the status of legislation of concern to the WSLC and its affiliates.