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## President's Advisory Panel on Tax Reform Issues Report on November 1.

The President's Advisory Panel on Tax Reform ([www.taxreformpanel.gov](http://www.taxreformpanel.gov)) released a [final report](#) on November 1, 2005. President Bush established the bipartisan panel to review options for reforming the U.S. tax code to make it simpler and to stimulate economic growth. Of particular interest to most citizens is tax reform, including possible changes to deductions for home mortgage interest and state and local taxes. Bill Leonard, Senior Writer for the Society for Human Resource Management (SHRM), reports on an additional proposal from the Panel to limit the amount of tax-free health insurance benefits employees receive. The Economic Policy Institute published a [briefing paper](#) outlining the possible effects of the proposal to cap the amount of tax-free contributions employers can make when paying employees' health insurance premiums. The author, Max B. Sawicky, summarizes the work of the Panel in this way, "Although some of the commission's ideas, taken in piecemeal form, have some merit, the overall approach signals further reduction in the tax burdens of the wealthy, and increased taxes on working families."

## The Effect of California's Proposition 13 on Library Funding

By Stephen Denney

According to the American Library Association, "many cities and counties throughout California are facing severe library funding cuts." It detailed this fiscal situation in a national report published at its Web site, [www.ala.org/ala/news/libraryfunding/libraryfunding.htm](http://www.ala.org/ala/news/libraryfunding/libraryfunding.htm).

The problem is rooted in a state initiative passed in 1978, Proposition 13, which limits property taxes that can be collected on property owners to 1 percent of the assessed value, and for those who owned homes at the time it was passed, the property assessment was permanently fixed at the 1978 level. Although intended to help elderly homeowners, about 40 percent of those who benefited were businesses.

The effect of Prop. 13 was to create an unequal system of property taxation and to put a permanent bind on local services, including police, fire departments, libraries and schools. Local governments have thus become more dependent on the state government for revenue. California's public educational system once ranked among the top nationally. Now its K-12 reading and math scores are below the national average, and state spending per pupil ranks close to the bottom of the nation.

The state economy has become increasingly hampered over the years and has gradually dragged down. In 2003, a few months after his re-election, Gov. Gray Davis was successfully recalled in a special election engineered by anti-tax advocates on the grounds that he had built up a record deficit. His replacement, Arnold Schwarzenegger, vowed to turn around this deficit and restore the state's economy. In fact, the deficit has increased under his watch, from \$18 billion under Davis to \$28 billion now. Since he adamantly opposes any increased taxes, the only solution our governor sees is more cuts in government spending. One of his first actions was to repeal an increase in the vehicle license fee which, if left intact, would have rolled back the state deficit by four billion dollars.

In this situation, his main political opponents have been those who work in the public services, i.e. police, firefighters, teachers, library workers and others, along with the unions that represent them. Also, of course, the Democratic party which controls the state legislature. From the governor's perspective, his opponents present serious obstacles to his reform plans. He therefore felt it necessary to call a special election in November which could cost the state as much as \$80 million, rather than waiting for the general state election next June. He and his supporters argue that we are in an emergency situation and that these propositions must be passed immediately if California is to recover. The so-called reform measures include:

- Proposition 74, which would lengthen the probationary period for public school teachers from two to five years and make it easier for teachers to be fired. Only two states (Missouri and Indiana) presently have a five-year probationary period for K–12 teachers. In neither case has it been demonstrated that this has improved the quality of teaching in these states. Teacher shortages and demoralization are likely to be aggravated in California if this measure is passed.
- Proposition 75, which would require public service employee unions to obtain written approval annually from each individual member before they could spend these dues on political campaigns. The proposition was written by Lewis Uhler, a former John Birch Society official and president of the National Taxpayer Limitation Committee.

If passed, this proposition would reverse the present system where union members have the right to “opt out” of allowing their dues to be used for political causes by filling out a form. Proponents claim that workers should have the right not to allow their union dues to be used for political purposes, and call this proposition the “paycheck protection act.” But they already have this right, by opting out. Whereas only a few have chosen to opt out under the present system, the unions would now have to obtain written approval from the great majority of members in order to maintain their present level of political participation. Unions fear that they will be buried in this annual paperwork and that this will divert their resources from more pressing tasks. This comes at a time when corporate lobbies already spend far more than unions in state politics.

- Proposition 76, which would change the state constitution to allow the governor to declare a fiscal emergency under certain conditions and then unilaterally slash state spending in whatever area he felt appropriate. It would therefore disrupt the traditional checks and balance system between the legislative and executive branches in the appropriation of funds. It would also alter provisions of Proposition 98, which established a minimal level of state funding for K–12 public schools and community colleges. If passed, this proposition would cut nearly \$4 billion from public schools and also slash funding for local police, fire departments, health care programs, and other services; and would cap spending on voter approved programs.
- Proposition 77, which would shift the responsibility of establishing state and federal legislative districts from the state legislature to three retired judges who would be chosen through a complicated process. This is the one measure that has attracted some support from public interest groups such as Common Cause, but is opposed by others, such as the League of Women Voters. This proposition would have these three judges draw up new legislative districts by the state elections next June. Californians would vote on it at the same time as they would be voting on the candidates representing the new districts. Normally reapportionment takes place in the U.S. every ten years along with the national census, in order to insure its accuracy of representation. However, this redistricting would be five years after the last census. Obviously this measure is flawed and hastily presented to the voters, but from the governor’s perspective, it is urgently needed. It was written by Ted Costa, another anti-tax crusader who also spearheaded the effort to recall former Gov. Gray Davis.

The League of Women Voters and most other liberal groups have opposed all the measures advanced by the governor for this special election. There are other state initiatives on the governor’s agenda for future elections, such as his plan to overhaul and largely privatize the pension system for state employees.

Whether or not these measures pass next week is hard to predict. But low voter turnout may aid Schwarzenegger as Republicans usually vote in higher percentage in such elections. In any case, he has already succeeded in making Democrat legislators and public service unions divert their resources into these rear guard actions.

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## Confessions of a Supreme Court Groupie

**By George K. Pitchford, Esq.**

I am a Supreme Court groupie, plain and simple. I wish I could just write this off as a side effect of being a lawyer, but I was a groupie long before law school. Granted, I don’t sleep out in front of Souter’s house, hang around Washington, D.C., hoping to see Ginsburg, and I have yet to send away for the Clarence Thomas bobble head, but I still consider myself a groupie nonetheless.

In my opinion the Supreme Court may be the most powerful branch of our government, and is definitely the most interesting. For this reason, my own personal Super Bowl, the nomination of a new Supreme Court Justice, should be of key interest to every American. Just for a little while we should all become Supreme Court groupies, or at least serious

fans.

There are many reasons to become a fan of the Supreme Court for at least the next couple of months. No matter how boring the amazingly unwitty banter between the Senators and the nominee may become during the process, they are selecting an individual who may be a member of the highest court in the land for the next twenty or thirty years. That means this person will be charged with interpreting the Constitution, its principles and deciding what rights it protects for almost half of a generation.

Additionally, when tempted to dismiss the confirmation process as boring and unimportant, consider the issues the Supreme Court is going to have to consider. Of course there are the always hot-button political issues like abortion and affirmative action that will always be at the center of the continuing battle between the red states and the blue states. In addition to those however, the new Supreme Court will also have to consider whether the Pledge of Allegiance should be banned from schools, what powers the government should have to fight the war on terrorism and a host of other issues that touch the lives of Americans on a daily basis. Therefore, it's extremely important, regardless of your political orientation, or lack thereof, to pay close attention to what the current nominee says or does not say.

If for no other reason, we the people should take an interest in these proceedings because it is a rare opportunity to watch the watchers, and judge the judges. Unlike the executive and legislative branch of our government, who will seemingly do anything for publicity, members of the Supreme Court generally shy away from the limelight. For the most part they only speak on issues through the questions they ask while in session and their written opinions. They don't keep blogs detailing the decision making process, or what facts or arguments persuaded them to vote one way or another. These hearings will be our chance to watch the nominee, and try and judge their intelligence, wisdom and legal acumen.

Admittedly, the Supreme Court is a quirky part of our government. They are the only branch of the government that is not elected, yet they get to serve for a lifetime. They cannot make any laws, yet they are able to strike down federal and state legislation that they feel violates the Constitution. They have no power to enforce their rulings, yet both the other branches of the government and states usually comply with their orders. Despite all of these quirks throughout the history of the United States we have depended on these nine individuals appointed by the President and approved by the Senate to guard and interpret the Constitution and the principles for which it stands.

If that doesn't get you excited, I just do not know what will.

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