

# The reactionary essence of California's Proposition 30

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8 September 2012

Under the guise of saving education, California Governor Jerry Brown is pushing a series of tax increases that will be on the ballot in November as Proposition 30. The purpose of these new taxes is to extract more wealth from the working class.

The two main provisions of Prop 30 are a quarter cent sales tax increase and an increase in the income tax rate of between 1 and 3 percent for annual incomes over \$250,000. Combined, these measures are expected to generate around \$6 billion in revenue each year for the state's general fund.

In order to get these taxes passed, Brown is effectively holding the state's school system hostage. If Prop 30 doesn't pass, it would trigger \$6 billion in cuts, \$5 billion of which would come from education. The same budget allows districts to reduce their school year to just 160 days in order to implement the cuts.

The hope of Brown, the union bureaucrats, and the Democrats who passed the current budget is that workers will accept a higher sales tax as long as it's sugarcoated with a token income tax on the rich and some fine words about saving education.

Since coming to office Brown has cut the general fund to its lowest level as a portion of the state economy since 1973. Since the beginning of the economic crisis in 2008, over \$18 billion has been cut from K-12 education. Billions more have been cut from higher education, resulting in layoffs, program reductions and tuition hikes. Due to Brown's cuts, the University of California system now gets more money from tuition than from the state, while community colleges are seeing a 17 percent enrollment drop.

Every step of the way Brown has insisted that all these cuts were a necessary sacrifice. California, which produces 13 percent of the nation's GDP, now ranks 47th in per pupil funding.

As the entire political establishment insists that there is "no money" for public education, the richest man in the state, Lawrence Ellison, has enough wealth to cover the whole deficit and still have well over \$10 billion. Ellison just bought the sixth largest Hawaiian island, Lanai, for his personal use.

The role of the Democrats and Republicans across the nation has been to pay for the financial crisis by looting programs for the working class while safeguarding the super wealth of the financiers who caused the crisis.

As he cut billions from education, Medi-Cal, CalWORKs, and other social programs, Brown accelerated corporate tax cuts in order to "stimulate growth." His initial tax proposals last year were almost entirely targeted against the working class, including a cut to the dependent child tax credit. And with each cut, Brown was supported by the trade union leaders.

The unions endorsed Brown's election campaign and praised him as he enacted furloughs, pay cuts and mass layoffs. The union executives are perfectly willing to sign on to austerity measures so long as they have "a seat at the table" in carrying out the attacks on the working class. Proposition 30 itself is the product of negotiations between Brown and the California Teacher's Association (CTA), in close consultation with business leaders.

Although there are numerous taxes that are more popular with California voters than a sales tax, they have all been set aside by Brown in order to gain the support of business interests. For example, California doesn't have an extraction tax on oil pumps like other oil-producing states. It's no surprise that, according to the *Los Angeles Times*, oil interests have contributed more than \$800,000 to the "Yes on 30" campaign.

Other big donors include the CTA, which contributed \$1.5 million; the American Federation of Teachers,

which gave \$1.2 million; and SEIU Local 1000, which donated just over \$1 million. By comparison, the “No on 30” campaign has no major business backers and so far only has \$480,000 total in its fund.

The income tax on those making over \$250,000 does not ultimately change the character of Prop 30 as anti-working class. The wealthiest layers of society have at their disposal countless loopholes and ways of avoiding taxes. As noted by the California Budget Project, the poorest fifth of California’s families pay 10.2 percent of their household income on state and local taxes, while the top 1 percent pay only 7.4 percent of their income.

When compared to the current income tax rate of 1 to 2 percent for the bottom fifth and 10.3 percent for the top tax bracket, the discrepancy shows how meaningless a slight change in the top income tax rate is.

Even if the tax is levied and not offset by new corporate tax credits that would be passed without a referendum, what would the effect be? First, workers would be footing the bill for the most part, given the regressive character of the sales tax increase. Moreover, this current year around \$5 billion in cuts to education would be postponed, but after that it’s open season. When next year’s deficit arrives, public education would once again be on the chopping block.

Any money that does make it into schools will not be used to repair the damage done by billions of cuts. The attack on public education was never simply a local phenomenon. Across the nation, Obama’s Race to the Top Program has steadily worked to replace public schools with charter schools. Brown, an ardent supporter of charter schools, has supported the attack on teachers’ pensions and job security.



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