An EdSource Infographic

Californians Face Crucial Vote on Public Schools in November

Proposition 30 & Proposition 38 Compared

California's K-12 schools are severely underfunded compared to many other states. Budget cuts in recent years have led to fewer instructional days, larger classes, fewer counselors and other reductions in core student services.

Two initiatives on the November 6, 2012 ballot attempt to address the state's inability to close its budget deficits and stabilize funding for schools. Californians can vote for either or both measures. If they both pass, the one with the most votes will become law.

Proposition 30:

The Schools and Local Public Safety Protection Act of 2012

Key Sponsor:

- Gov. Jerry Brown

Major Backers Include:

- California Teachers Association
- California Police Chiefs Association
- League of Women Voters
- California Democratic Party
- California Federation of Teachers

Opponents Include:

- Howard Jarvis Taxpayers Association
- National Federation of Independent Business California
- California Republican Party

Proposition 38:

Our Children. Our Future. Local Schools and Early Education Investment and Bond Reduction Act

Key Sponsor:

- Philanthropist Molly Munger and the Advancement Project, a Los Angeles-based civil rights organization

Major Backers Include:

- California State PTA

Opponents Include:

- California Chamber of Commerce
- California Republican Party
- California Democratic Party
- California State Sheriffs' Association

Here are key features of the two initiatives:

How will revenues be raised?

Proposition 30:

Increases state personal income tax rates on **Californians filing as single taxpayers and earning $250,000.*** However, the increased tax is calculated only on the income earned above $250,000.

Tax rate will increase by:

1%
$250k to $300k

2%
$300k to $500k

3%
$500k and above

Increases state sales tax by ¼ cent.

Proposition 38:

Increases state personal income taxes on **Californians filing as single taxpayers and earning over $7,316**.* On the lowest earners, the increase is 0.4 percentage points, and at the highest income levels (more than $2.5 million) the increase is 2.2 percentage points.

Tax rate will increase by:

0.4%
Lowest Earners

2.2%
Highest income levels
(more than $2.5 million)

** Single income after deductions. Comparable increases apply to joint filers and heads of households. (Top marginal income tax rate for highest earners is currently 10.3%)*

How much revenue will be raised?

Proposition 30:

About **$6 billion** in annual revenues*

Money will go to schools beginning in current school year. Amounts raised will depend on how well the economy is doing.

About $2.9 billion would go to K-12 schools and community colleges in 2012-13, according to the Department of Finance.

Proposition 38:

Money will go to schools beginning in the 2013-14 school year. Amounts raised will depend on how well the economy is doing.

About **$10 billion** in annual revenues, 30% of which will go to pay down state bond debt for the first four years.**

**Estimates from the Legislative Analyst's Office (LAO). The Department of Finance estimates higher annual revenues of $7.1 billion. Revenues are expected to be higher in the first year (2012-13).*
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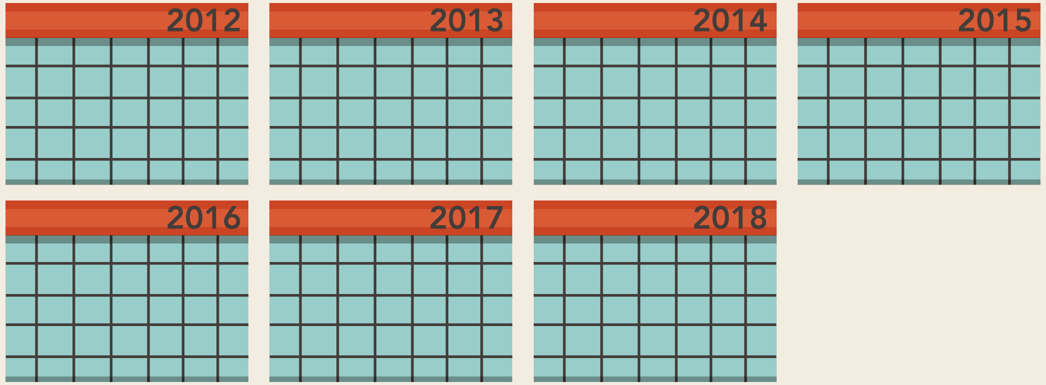
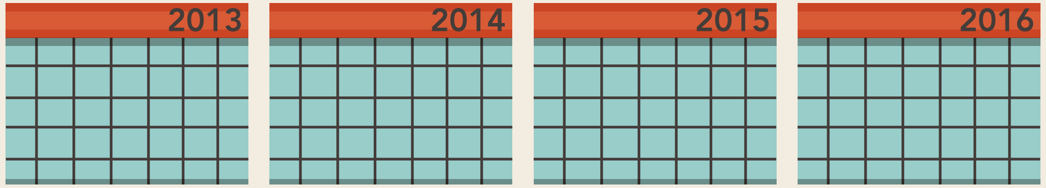
How long will the taxes last?

Proposition 30:

Personal income tax increases for **7 years** retroactively starting Jan. 1, 2012.

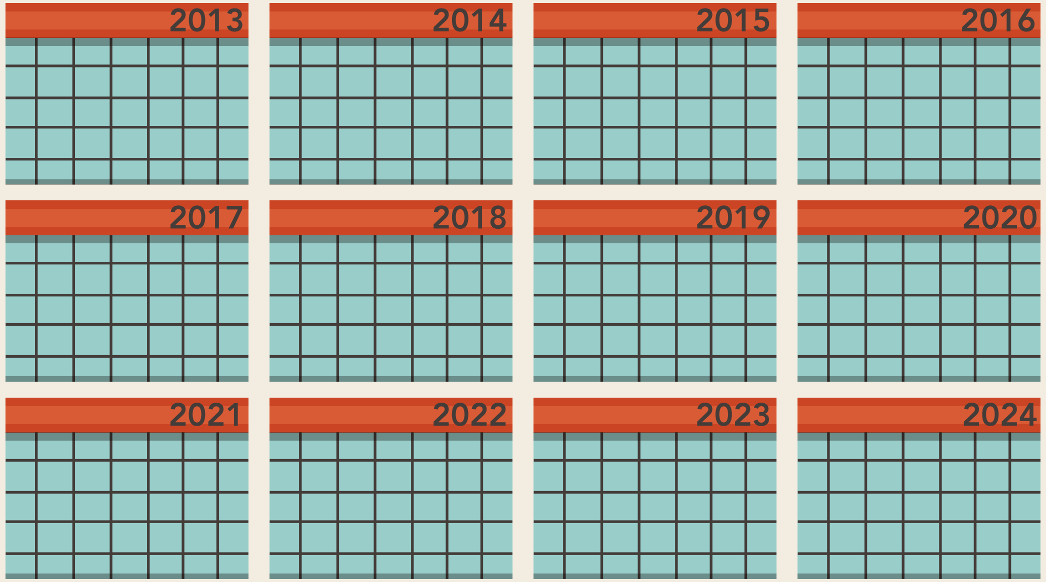


Sales tax increases for **4 years** starting Jan. 1, 2013.



Proposition 38:

State personal income tax increases for **12 years** starting Jan. 1, 2013.

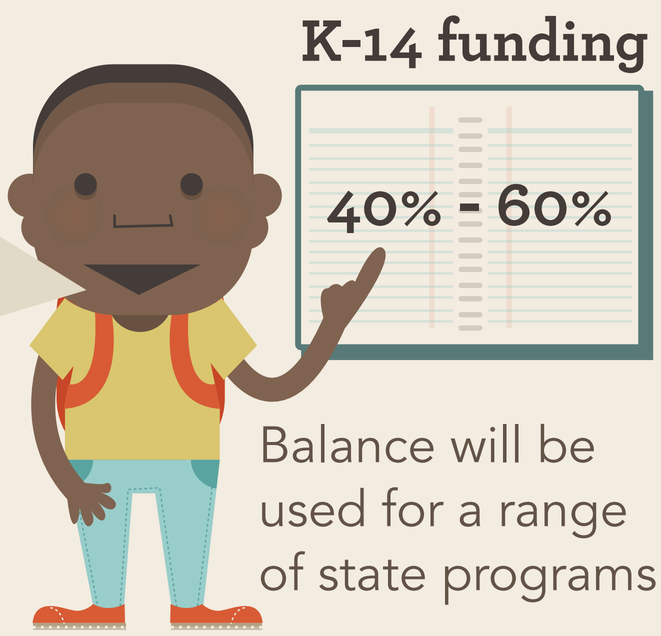


Where will the money go?

Proposition 30:

Revenues flow to an "Education Protection Account" within the state's General Fund.

In general, **40% to 60%** of the new revenues will go to schools and community colleges under funding formulas required by Proposition 98, the voter approved constitutional amendment.



Balance will be used for a range of state programs.

Of revenues spent on education:

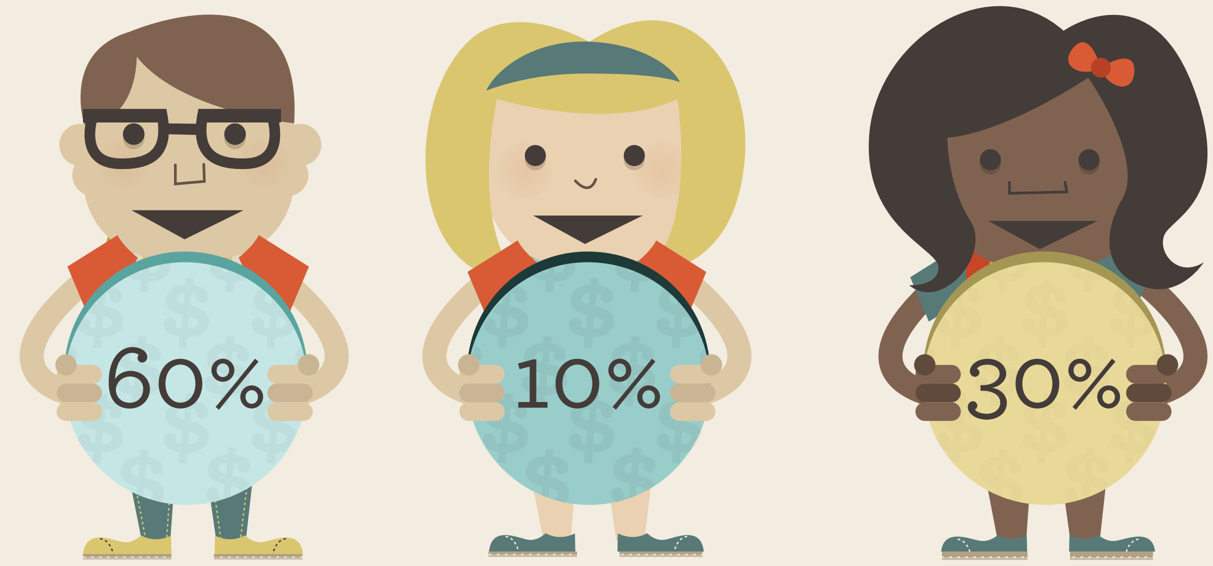
89% will go to K-12 schools.

11% will go to community colleges.

Proposition 38:

Revenues will be used to support K-12 schools, pre-school and other early childhood programs and, initially, to pay down state bond debt.

In the first 4 years:

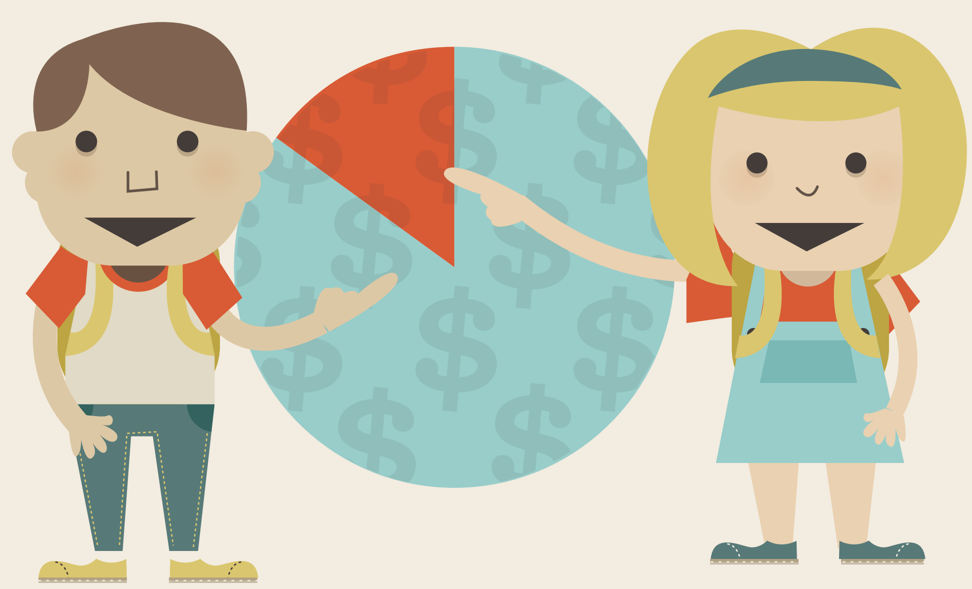


60% goes to K-12 education. Funds go directly to school sites

10% goes to early childhood programs

30% designated to paying state bond debt with intention of reducing state deficit

In the remaining 8 years:



Beyond 2017, **85%** of revenues will go to K-12 education.

and **15%** to early childhood programs.

How will the revenues be managed?

Proposition 30:

Revenues go into a new "Education Protection Account" within the state's General Fund.

Funds cannot be used for administrative costs.

A district's school board and community college board must hold open meetings to determine use of funds.

Use of revenues must be accounted for publicly.

Annual audits by school boards and state Controller.

Proposition 38:

Revenues go into a new "California Education Trust Fund," operating independently of the state's regular budget process.

Revenues cannot be used for administrative costs or salary increases for current employees.

Each school district must have two annual meetings to get public input and explain how funds will be used and their impact.

Fund is overseen by Fiscal Oversight Board made up of five key state officials.

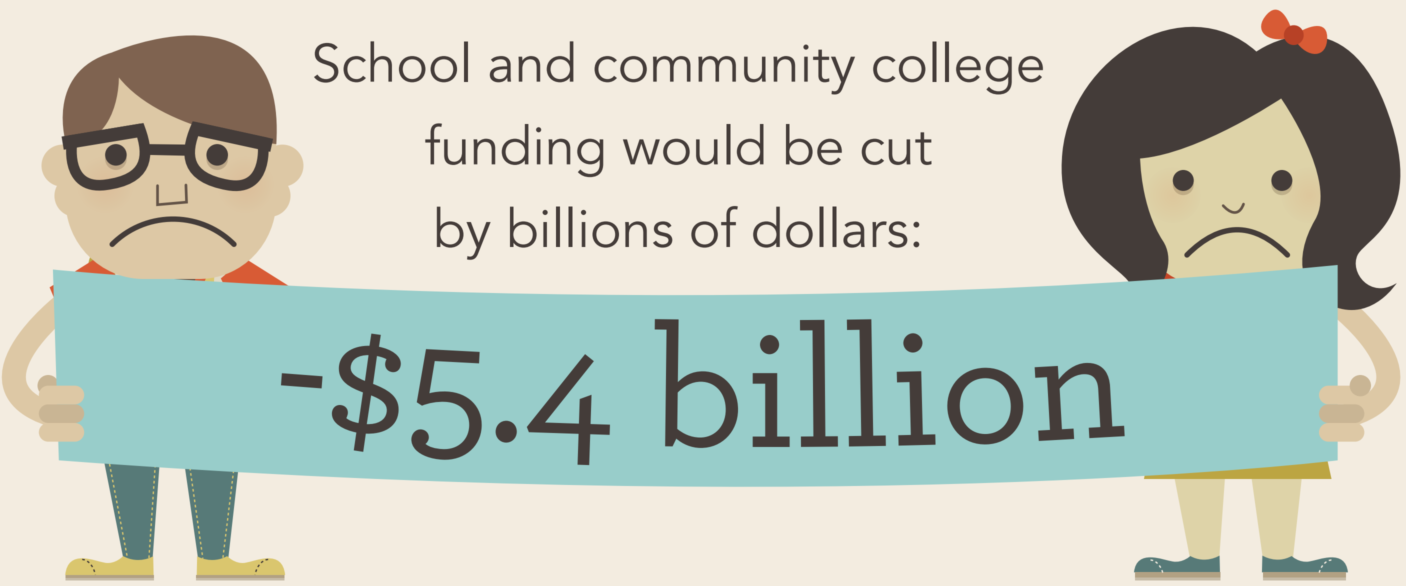
Annual independent audit authorized by Fiscal Oversight Board.

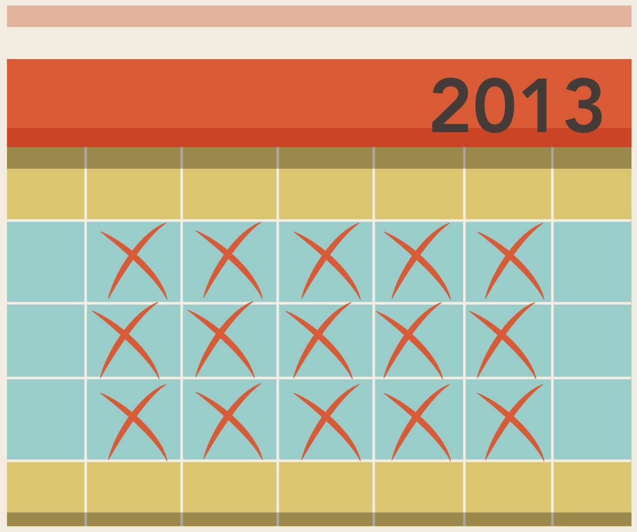
Schools must display their budgets publicly, and report annually on use of funds.

What if Prop. 30 fails?

If voters reject Prop. 30, deep "trigger cuts" will automatically go into effect, reducing revenues to schools, colleges, and universities.

School and community college funding would be cut by billions of dollars:





K-12 schools would be permitted to reduce the school year an additional 3 weeks.

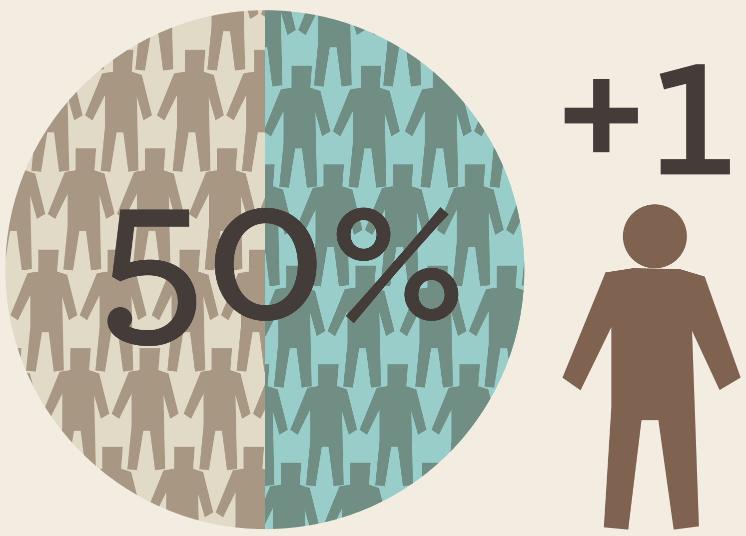
The University of California and California State University would each lose a minimum of **$250 million.**

What if Prop. 38 fails?

Schools and early childhood programs would lose out on billions of dollars in revenues.

The state would not get help paying off its state bond debts.

Can Californians Vote for Both Initiatives? YES.



Some organizations, such as the California School Boards Association, are encouraging voters to vote "Yes" on both, because voting for both increases the likelihood that one of the initiatives will pass. **A divided vote will make it more difficult to achieve the simple majority (more than 50%) needed for passage of either initiative**.

What if both initiatives are approved by voters?

The initiative with the most votes becomes state law.

Need more information to help you decide? Go to

http://www.edsource.org

to learn more about Prop. 30 and Prop. 38.

Sources:

"Decision Guide: Tax Initiatives Headed for California's November Ballot," Silicon Valley Education Foundation, September 2012.

Enacted Budget 2012, California Department of Finance.

Legislative Analyst's Office, Analysis of Prop. 30, March 16, 2012 and Analysis of Prop. 38, Aug. 13, 2012.

Prop. 30 Website: http://www.yesonprop30.com/index.php

Prop. 38 Website: http://www.prop38forlocalschools.org/

"What Would Proposition 38 Mean for California?" California Budget Project, September 2012.

"What Would Proposition 30 Mean for California?" California Budget Project, September 2012.

This infographic was produced by EdSource, a nonprofit, nonpartisan organization founded in 1977 to engage Californians on key education challenges, with the goal of promoting education success.

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