

November 2012 Funding Initiatives

Title	Schools and Local Public Safety Protection Act	Our Children Our Future: Local Schools and Early Education Investment Act
CSBA Position	SUPPORT	SUPPORT
Sponsors/Supporters	Gov. Jerry Brown, ACSA, CCSESA, CTA, CFT, other labor groups, cities and counties. SPI Tom Torlakson supports both measures.	Molly Munger, CA State PTA, CA Advancement Project. SPI Tom Torlakson supports both measures.
Ballot Designation	Proposition 30	Proposition 38
Tax Provisions	<ul style="list-style-type: none"> – Temporary increase in sales and use tax and personal income tax. Increase in sales and use tax would be an additional ¼ cent and would begin January 1, 2013, and sunset January 1, 2017. – Increase in personal income tax would begin January 1, 2012, and sunset January 1, 2019. For single filers, top bracket of 9.3% would increase to 10.3% on incomes between \$250,000 and \$300,000, 11.3% on incomes between \$300,000 and \$500,000, and 12.3% on incomes above \$500,000. For joint filers, rates would increase to 10.3% on incomes between \$340,000 and \$408,000, 11.3% on incomes between \$408,000 and \$680,000, and 12.3% on incomes above \$680,000. 	<ul style="list-style-type: none"> – Temporary increase in personal income tax rates, beginning January 1, 2013, and ending January 1, 2025. – Rates would vary, but would increase from a low of 0.4% for single taxpayers earning \$7,316, and joint filers earning \$14,642 to a high of 2.2% for single taxpayers earning \$2.5 million, joint filers earning \$3.4 million.
Estimated Total Revenues	Raises \$6.8-9.0 billion in 2012-13, and \$5.4-7.6 billion annually through 2015-16, then drops off by \$1.5 billion after 2015-16 due to sales tax sunset.	Raises an estimated \$5 billion in 2012-13 and an estimated \$10 billion annually beginning in 2013-14.
Revenue Allocation	Revenues deposited into special account within state general fund. Proposition 98 would dictate that approximately 40% be allocated to K-14 schools.	Revenues kept out of the state general fund and allocated directly to recipients. During first four full years, approximately \$3 billion would be allocated to state general fund debt payments, \$5.95 billion to K-12 schools, and \$1.05 billion to early childhood education. In years, five through 12, allocation would be 85% to K-12 and 15% to early childhood education, or \$8.5 billion and \$1.5 billion respectively.



California School Boards Association

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Revenue to Schools	Assuming higher revenue estimates, annual increase to Prop. 98 would be about \$3.6 billion in 2012-13; \$3.2 billion for K-12 and \$396 million for community colleges. In 2013-14 through 2015-16, increase to Prop. 98 would be about \$3.04 billion; \$2.7 billion for K-12 and \$335 million for community colleges. Prop. 98 would drop by some \$600 million annually after sunset of sales tax on Jan. 1, 2017. Income tax sunsets Dec. 1, 2019, two years longer than governor's original measure.	For first four full years, starting in 2013-14, \$5.95 billion to K-12 would equate to about \$1008 per ADA. In years five through 12, per ADA amount to K-12 would be about \$1,441. Early childhood education amount would be \$1.05 billion annually for the first four years and \$1.5 billion thereafter. NOTE: There will be some allocation of revenues in 2012-13 but the amounts are difficult to estimate. But assuming \$5 billion in 2012-13 revenue, \$1.5 billion would be committed to state bond debt, \$2.975 billion (about \$504 per ADA) would be available to K-12 and \$525 million would be available to early childhood education.
Other Provisions	Amends state constitution to include provisions relating to the realignment of certain state services and revenues to cities and counties.	ECE allocations would be made to the Superintendent of Public Instruction and would include money for an early head start program (birth to 3 years), and expansion of preschool.
Positives	<ul style="list-style-type: none"> – Backfills loss of revenue due to realignment legislation – Passage avoids midyear budget trigger cuts – Has weight of governor & Legislative Democrats behind it – Growing coalition includes ACSA, CTA and CFT – Polls relatively well 	<ul style="list-style-type: none"> – 12 year sunset – Provides more money annually in years five through 12 assuming budget triggers take effect in 2012-13 – Money is outside of Prop 98 and outside of the state budget process – Money goes directly to schools
Negatives	<ul style="list-style-type: none"> – Tax increase difficult to pass – Sales tax shift in constitution permanently but revenue is temporary – Likely renders CSBA's Prop. 98 lawsuit moot – Small funding cliff in 2016-17 when sales tax sunsets – Larger funding cliff in 2018-19 when income tax sunsets – Subject to annual state budget act 	<ul style="list-style-type: none"> – Tax increase difficult to pass – Doesn't poll as well as Governor's measure – To date only major contributor is the measure's author, Molly Munger – Limited coalition size – Opposed by CA Chamber of Commerce – Funding cliff in 2024-25

July 13, 2012