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.

By a 55% to 45% margin, California voters on November 6, 2012 approved Proposition 30, intending to help close budget deficits and stabilize funding for schools.

Proposition 30: The Schools and Local Public Safety Protection Act of 2012

Key Sponsor: Gov. Jerry Brown

Major Backers Included:
- California Teachers Association
- League of Women Voters
- California Federation of Teachers
- California Police Chiefs Association
- California Democratic Party

Opponents Included:
- Howard Jarvis Taxpayers Association
- California Republican Party
- National Federation of Independent Business California
Here are key features of Proposition 30:

How will revenues be raised?

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% on income from $250k to $300k
- 2% on income from $300k to $500k
- 3% on income above $500k

Increases state sales tax by ¼ cent.

* 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?

About $6 billion in annual revenues*

Money will go to schools beginning in 2012-13 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.

*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).

How long will the taxes last?

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

Sales tax increases for 4 years starting Jan. 1, 2013.
Where will the money go?

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.

**K-14 funding**

40% - 60%

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.
How will the revenues be managed?

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.

Need more information? Go to http://www.edsource.org to learn more about Prop. 30 and what has happened since its passage.

Sources:
Enacted Budget 2012, California Department of Finance.
Legislative Analyst’s Office, Analysis of Prop. 30, March 16, 2012
Prop. 30 Website: http://www.yesonprop30.com/index.php