

An EdSource Infographic
November 6, 2012

Californians Approve Historic Tax
Increase to Support Public Education

Proposition 30

Explained

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

Opponents Included:

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

★..... 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:



Increases state sales tax by $\frac{1}{4}$ 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*

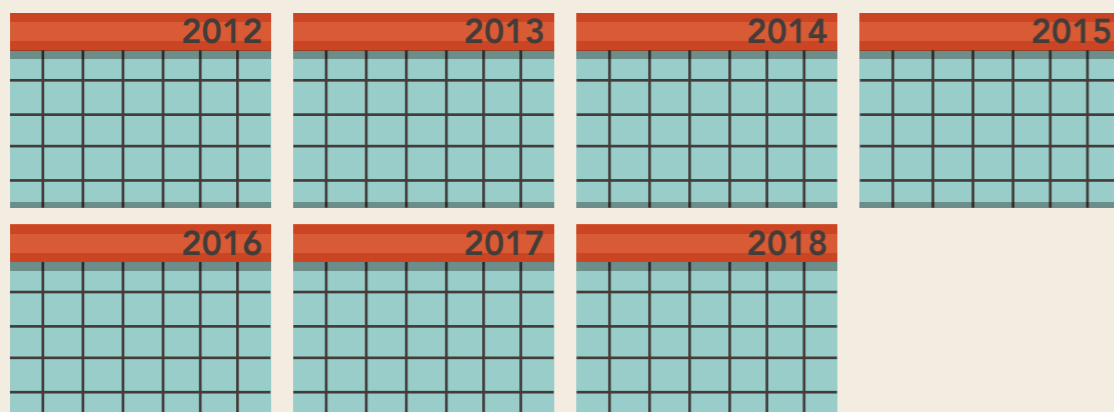
Money will go to schools beginning in 2012-13 school year. Amounts raised will depend on how well the economy is doing.

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

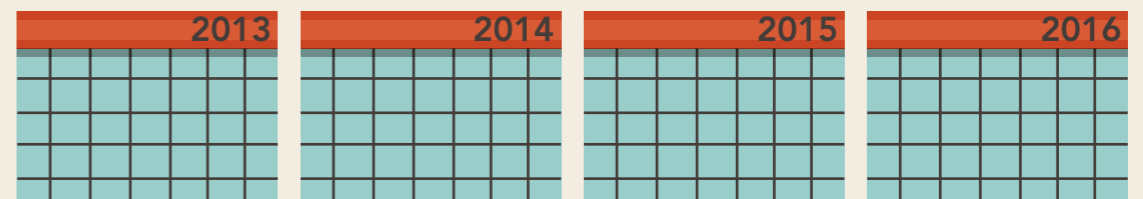
**Estimates from the Legislative Analyst's Office (LAO). The Department of Finance estimates higher annual revenues of \$7.1 billion. Revenues are expected to be higher in the first year (2012-13).*

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.

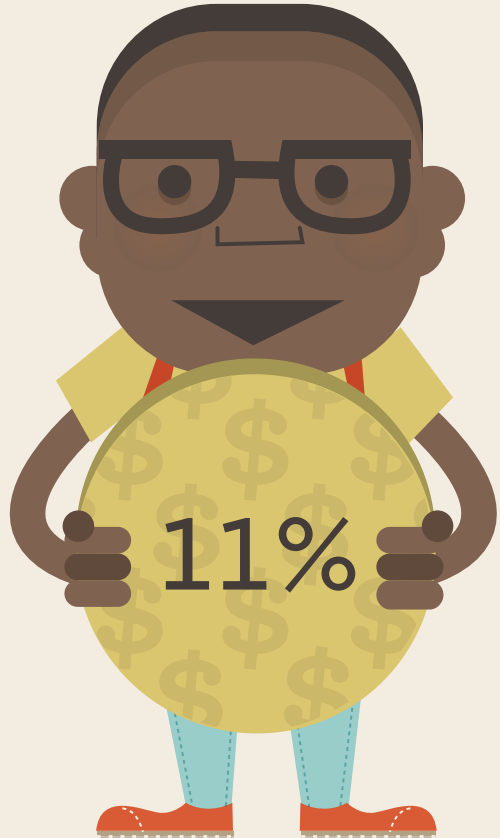
K-14 funding



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%



11% will go to community colleges.

89%

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:

"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

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

"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.



DESIGNED BY

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