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# Big Three Tax Initiatives

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- Schools and Local Public Safety Protection Act of 2012
  - Main Proponent: Governor Brown (Herein referenced as GB)
- California Funding Restoration Act of 2012
  - Main Proponent: California Federation of Teachers (Herein referenced as CFT)
- Our Children, Our Future: Local Schools and the Early Education Act.
  - Main Proponent: Advancement Project (Herein referenced as AP)
  
- K-12 Statewide Amount
  - GB \$6.25 billion
  - CFT \$2.16 billion
  - AP \$8.5 billion \* (\$5.5 billion for first three years)

\*Three billion per year for three years is used to pay down state debt for state school bonds.

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	Allocation Methodology
GB	Equal percent of revenue limit with basic aid offset
CFT	Equal amount per enrollment
AP	Equal amount per pupil by grade level (K-3, 4-8, 9-12) Allocates \$3 billion per year for 3 years to pay down state school bond debt.

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## Increase Proposition 98 Base?

GB	Yes, and can be suspended
CFT	No
AP	No

## One-Time Revenue Spike Provisions

GB	No
CFT	No
AP	Yes

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## Total New Tax Amount (Estimates)

GB	\$7.0 billion per year
CFT	\$6.0 billion per year
AP	\$10.0 billion per year

## Length of Tax

GB	Five years
CFT	Forever
AP	Twelve years

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## Schools and Local Public Safety Protection Act of 2012

- **Main Proponent:** Governor Brown
- **New Tax Revenue**
  - New tax revenue of approximately \$7 billion per year for five fiscal years with the income tax increase operative for calendar years 2012-2016 and the sales tax increase operative for calendar years 2013-17.
- **K-12 Statewide Amount** (*See Proposition 98 Comments*)
  - Eighty-nine percent (89%) of net amount collected or approximately \$6.25 billion per year.
- **Allocation Methodology**
  - Based as an equal percent of the Education Code 42238 revenue limit (or charter school general purpose block grant or Education Code Section 25589 for County Offices of Education) with reductions for basic aid excess property tax.
- **LEA Estimated Amount Per Year**
  - Approximately twenty-two percent of Education Code 42238, 2558 revenue limits or general purpose block grant.
- **Increase Proposition 98 Base**
  - Maybe. The initiative allows the tax revenue to be credited as a Proposition 98 expenditure and counted in the Proposition 98 base. The new tax revenue that is greater than the amount owed to K-14 (Proposition 98 minimum guarantee plus maintenance factor) could be used for other purposes.
- **School Administrator Provisions**
  - Funds can not be used for administrator salary, benefits or any other administrative costs except the annual audit of the Education Protection Account.
- **One-Time Revenue Spike Provisions**
  - None.

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## California Funding Restoration Act of 2012

- **Main Proponent:** California Federation of Teachers
- **Total New Tax Revenue**
  - Approximately \$6 billion per year permanent.
- **Statewide Amount for Education**
  - Sixty percent (60%) or approximately \$3.6 billion for K-University per year.
- **Statewide Amount for K-14**
  - Seventy three and one third percent (73.3%) or approximately \$2.64 billion per year.
- **Statewide Amount for K-12**
  - Approximately eighty-two percent for the K-14 amount or approximately \$2.16 billion per year.
- **LEA Allocation Amount**
  - Equal amount per reported (EC 10601) enrollment or approximately \$350 per enrollment.
- **Increase in Proposition 98 Base**
  - No. The funds would be completely outside of Proposition 98.
- **School Administrator Provisions**
  - No.
- **One-Time Revenue Spike Provisions**
  - No.

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## Our Children, Our Future: Local Schools and the Early Education Act

- **Main Proponent:** Advancement Project
- **Total New Tax Amount**
  - Approximately \$10 billion per year for 12 years.
- **Statewide Amount for Education**
  - 100%.
- **Statewide Amount for K-12**
  - Eighty-five percent (85%) or approximately \$8.5 billion per year. Remaining funds will be restricted for early childhood education.
- **Allocation Process for the 85%**
  - Seventy percent (70%) as an equal amount per pupil in K-3, 4-8 and 9-12 with the 4-8 amount being 120% of the K-3 amount and the 9-12 amount being 140% of the K-3 amount.
  - Eighteen percent (18%) as an equal dollar amount for each student eligible for free meals under the U.S. Department of Agriculture guidelines.
  - Twelve percent (12%) as an equal amount per pupil for training, technology and teaching materials.
- **Increase Proposition 98 Base**
  - No. The funds would be completely outside of Proposition 98.
- **School Administrator Provisions**
  - Cannot be used for district level administrative costs.
- **One-Time Revenue Spike Provisions**
  - Yes. If revenues exceed the average annual growth rates, then the amount above the average would be used to reduce state school facility bond debt.

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Governor Brown has clearly stated his willingness to further cut schools in order to balance the state budget if there are not new tax increases. Under the Governor's stated position, the Advancement Project initiative would not prevent state budget cuts (or Proposition 98 suspension) because, unless amended, none of that initiative's new tax revenue could be used to balance other parts of the state budget. The same is true of the California Federation of Teachers initiative proposal. The Governor's proposal, however, would allow using some of the new tax revenue to balance other parts of the state budget.

If only protecting K-12 public education is the reason for supporting an initiative, then the Advancement Project initiative is superior to the other two proposals. It is protected from Proposition 98 suspension, provides more funds for K-12, and lasts longer. If, however, the goal is to also protect other parts of the state budget, then the Governor's proposal provides more options for funding other programs than K-12 education.