

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

Proposition 30, Governor Brown's revenue-raising initiative on the Nov. 6, 2012 ballot, amends the California State Constitution to increase the state's sales and use tax by a quarter-cent for four years and increase personal income tax rates on income above \$250,000 for seven years by creating three additional tax brackets. The measure allocates 89 percent of these revenues to K-12 schools and 11 percent to community colleges. The measure also adds to the constitution a tax shift to local governments to pay for incarceration and state services realigned in 2011.

REVENUE

In 2012-13, Proposition 30 would raise between \$6.8 billion (according to the Legislative Analyst's Office) and \$9 billion (according to the Department of Finance). Between 2013 and 2018, annual revenue would average \$5.4 billion (LAO) to \$7.6 billion (DOF). Revenue estimates vary due to the volatility of personal income tax revenues.

IMPACT ON UC

The most significant direct impact from Proposition 30 is the \$250 million "trigger" cut that UC would suffer should the initiative fail passage, as indicated in the enacted 2012-13 state budget. In addition, UC would lose a \$125.4-million tuition increase buyout in the adopted budget package, for a total shortfall of \$375.4 million. If voters approve Proposition 30, the added revenue will help the state address its ongoing structural deficit and meet its Proposition 98 obligations to K-12 education, which in turn would free up hundreds of millions of dollars annually through 2016-17, according to the LAO. This could impact UC to the extent that some of those revenues are redirected to higher education programs.

Moreover, for the longer term, completion of a multi-year funding agreement between the state and the UC and CSU systems is contingent upon the passage of Proposition 30. Such an agreement, as currently proposed, would provide steady increases of 6 percent per year to the university's base budget for four years, beginning in 2013-14 and continuing through 2016-17, to help fund the university's core operating needs.

UC BOARD OF REGENTS POSITION

The UC Board of Regents endorsed Proposition 30 at its July 18 meeting (<http://www.universityofcalifornia.edu/news/article/28037>).

SUPPORT FOR PROPOSITION 30

A support website, with a list of proponents, can be found here: www.protectschoolsandpublicsafety.org/

OPPOSITION/COMPETING MEASURES

Opponents of Proposition 30 argue that the measure would raise sales and income taxes on all Californians, not just the wealthy; would harm small businesses; and would not actually provide new funding for schools. An opposition website can be found here: www.reformsandjobsnottaxes.com/.

Proposition 38, backed by Molly Munger, also would increase the personal income tax rate on all but the lowest bracket through 2024. All new revenues from Proposition 38 would be dedicated to K-12 except that through 2016-17, 30 percent would be allocated for state debt-service costs. No funds are dedicated to higher education (<http://ourchildrenourfuture2012.com/>). Note that if both Proposition 30 and Proposition 38 succeed in garnering more than 50 percent of the vote in November, the "conflicting measures" provision in Governor Brown's initiative would take effect and nullify the initiative with fewer total votes. Proposition 38 would mandate the way businesses calculate their California income tax (currently businesses have an option).

For a complete listing of all measures that have qualified for the November 2012 election, visit the Secretary of State's website at www.sos.ca.gov/elections/ballot-measures/qualified-ballot-measures.htm.

NOTE: University resources may not be used to campaign for or against a ballot initiative measure.