

Comparison Between Proposition 30 and 38

**Glendale Unified School District
Board of Education Meeting
October 2, 2012
Discussion Report No. 3**

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Chief Business and Financial Officer



Proposition 30

- The Schools and Local Public Safety Protection Act of 2012
- Primary Sponsor: Governor Jerry Brown
- Chief Supporters: Governor Brown, CTA, CFT, CSBA, CSEA
- General Fund Impact: Used to fund Proposition 98 guarantee, freeing up General Fund revenues for other priorities
- Proposition 98 Impact: Increase in Proposition 98 guarantee of approx. \$2.9 billion in the first year

Proposition 30

Local District Impact:

- Indeterminate for the first few years
- Increase in Proposition 98 funding to be used to pay down inter-year deferrals, reduce deficits, fund COLAs.

Tax Implications:

- ¼ cent sales tax
- 1% to 3% income tax increase on earnings greater than \$250,000

Revenue Generated (From LAO):

- 2012-13: \$6.8 - \$9.0 billion
- Each year thereafter: \$5.4 - \$7.6 billion

Proposition 30

Revenue Allocation (State):

- Proposition 98: 89% for school districts, county offices of education, and charter schools
- 11% for community colleges
- State General Fund: determined through annual budget

Revenue Allocation (District):

- Increased Proposition 98 funding allocated according to State budget priorities
- Remainder offsets state aid

Proposition 30

Accountability (State):

- Requires open meeting of the governing board to make spending determinations
- Prohibits revenues from initiative from being used for administrative costs
- Public display of how tax revenues are spent
- Inclusion of tax revenues expenditures in LEA's annual financial and compliance audit

Duration:

- Sales Tax Increase: 2013 through 2016
- Income Tax Increase: 2012 through 2018
- Also makes permanent the sales tax shift for realignment

Proposition 30

Concern:

Legislature Assumed Prop. 30 would pass in State Budget

If it Fails

Trigger Cut to Education 2012-13



GUSD Mid-Year Cut \$11 Million to \$12 Million

Proposition 38

- Our Children, Our Future: Local Schools and Early Education Investment and Bond Debt Reduction Act
- Primary Sponsor: Molly Munger
- Chief Supporters: CA PTA, The Advancement Project, CSBA
- General Fund Impact:
 - Years 1-4: General Fund relief due to state bond debt payments of about \$3 billion annually
 - Years 5-12: Negligible, funds outside Proposition 98
- Proposition 98 Impact: Negligible, funds outside Prop. 98

Proposition 38

Local District Impact: Roughly \$1,000 per ADA Initially and Increases in Future Years

Revenue Source:

- Increase in personal income tax for all but low-income earners
- From 0.4% for lowest income individuals to 2.2% for individuals earning more than \$2.5 million

Revenue Generated (From LAO):

- 2013-14: \$15 billion (includes funding generated from 2nd half of 2012-13)
- each year thereafter: Roughly \$10 billion

Proposition 38

Revenue Allocation (State):

- Years 1-4
 - 30% (\$3 billion) – State Bond Debt Relief
 - 60% - K-12 Programs
 - 10% - Early Childhood Education Programs
- Years 5-12
 - 85% - K-12 Programs
 - 15% Early Childhood Education Programs

Revenue Allocation (District):

- Funding formula based on CBEDS enrollment counts. Funds to be used to support local schools
- Restrictions on use
- Requirements to supplement, not supplant, existing funds

Proposition 38

Accountability:

- Prohibits use of funds for administrative costs, or for increasing compensation for current staff
- Requires at least two meetings annually for each school site: one for input on use of funds; and one for response to board recommendation prior to action
- Public display of school-level budget
- Annual report on the use of funds

Duration:

- 2013 through 2024
- Would result in State general fund savings in the first four years as a result of initiative's allocation towards bond debt.

Comparison Between Proposition 30 and 38

Proposition 30

General Fund Impact:

- Used to fund Proposition 98 guarantee, freeing up General Fund revenues for other priorities

Proposition 98 Impact:

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Proposition 38

General Fund Impact:

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Proposition 98 Impact:

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Proposition 30

Local District Impact:

- Indeterminate for the first few years
- Increase in Proposition 98 funding to be used to pay down inter-year deferrals, reduce deficits, fund COLAs.
- If it Fails - \$11 million to \$12 million cut to GUSD in 2012-13.

Proposition 38

Local District Impact:

- Roughly \$1,000 per ADA initially and increases in future years

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Proposition 30

Accountability: (State)

- Requires open meeting of the governing board to make spending determinations
- Prohibits revenues from initiative from being used for administrative costs
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- Inclusion of tax revenues expenditures in LEA's annual financial and compliance audit

Proposition 38

Accountability: (Schools)

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- Requires at least two meetings annually for each school site: one for input on use of funds; and one for response to board recommendation prior to action
- Public display of school-level budget
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