
The Children's Education and Health Care Protection Act of 2016 Q&A

Question	Answer
Is the initiative an extension of Proposition 30?	Yes. This initiative temporarily extends the income tax rates on the wealthiest Californians created under Prop. 30. Revenues from the extension will increase funding for public schools and colleges, increase revenues in the Rainy Day Fund. At the same time, it will free up dollars in the general fund and, if certain criteria are met, increasing funding towards health care.
Are the taxes in this new initiative temporary?	Yes. The current Prop. 30 income tax rates would be temporarily extended for 12 years.
Does the initiative continue the Prop. 30 sales tax increase?	No. The quarter-cent sales tax increase will expire in 2016.
How much revenue will this initiative bring in?	An estimated \$8-11 billion annually.
Where do the revenues from the initiative go?	Simply, the extension revenues do 3 things: <ol style="list-style-type: none">1. Increase funding for public schools and colleges.2. Increase funding into Rainy Day Fund.3. By helping the state to meet and expand its obligation to schools and colleges, the initiative frees up budget dollars to be spent on healthcare and other priorities.

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<p>Does the initiative increase funding for education and the Prop. 98 guarantee, the public education spending requirement?</p>	<p>Yes. Revenues will continue to be deposited into the Education Protection Account, a special fund that goes to fund K-12 public schools and community colleges. These funds will be used to help students by reducing class sizes, updating textbooks, hiring new educators and education support professionals, and helping to keep tuition costs from skyrocketing. None of the money can be spent on administrative costs.</p> <p>In addition, by helping the state maintain and fund critical resources for education, the state will then be freed up to use funds that would have otherwise been necessary for education, to help fund critical services like health care and other essential services, invest in the Rainy Day Fund and maintain a balanced budget.</p>
<p>Will this initiative expand health care coverage for low income children and families?</p>	<p>Yes. If certain budgetary requirements are met, the initiative will provide up to \$2 billion annually in funds for health care for low-income children and their families.</p>
<p>Does the initiative help maintain a balanced budget?</p>	<p>Yes. This initiative has built-in flexibility that allows for restoration of general fund spending cuts and provides for relief in budget emergencies.</p>
<p>Are there auditing and disclosure requirements?</p>	<p>Yes. This initiative is subject to full audit and disclosure requirements. They include audits by the State Controller and audits of the each school district and community college receiving funds. Districts and colleges must post on their websites how the funds were spent.</p>

Question	Answer
<p>What are the tax rates and tax brackets?</p>	<p>This Initiative temporarily extends the original Prop. 30 income tax rates and brackets:</p> <ul style="list-style-type: none"> 10.3%- \$250-\$299 K 11.3%- \$300-\$499 K 12.3%- \$500 K+ <p><i>All brackets double for joint filers</i></p> <p>Note: Incomes over \$1,000,000 are taxed an additional 1% surcharge due to Proposition 63.</p>
<p>Are income brackets indexed for inflation?</p>	<p>Yes.</p>
<p>Are the revenues subject to Prop. 2, the Rainy Day Fund?</p>	<p>Yes.</p>
<p>Are the revenues subject to the Gann state appropriations limit?</p>	<p>Yes. California passed an initiative that limits how much money the state can spend in a single year (Gann Limit). Any money that the state receives over that limit must be split evenly between refunds to taxpayers and spending on public education. In this initiative, revenues above the limit will continue to be split between taxpayer refunds and public education spending.</p>
<p>What amendments were filed to the initiative?</p>	<ol style="list-style-type: none"> 1. Revenues will now be subject to the Rainy Day Fund provisions of Proposition 2. 2. Remaining funds – those that are left after the state meets its Proposition 98, general fund budget, and Proposition 2 requirements – would now be split 50/50 (rather than 55/45) between the General Fund and Health care programs.

Question	Answer
<p>When I supported Prop. 30 in 2012, I was told it was temporary? Did I misunderstand?</p>	<p>No. The sales tax increase included in Prop. 30 expires this year. The Children’s Education and Health Care Protection Act simply temporarily extends the income tax rates on the wealthiest Californians – couples who earn more than half a million dollars a year and individuals who earn more than \$250,000 a year.</p>
<p>Doesn’t California have a surplus and a balanced budget?</p>	<p>We do right now, but only because Prop. 30 helped stop the bleeding after years of deficits and devastating cuts to education. Education funding is just getting back to the level it was before the Great Recession. And unless we pass the Children’s Education and Health Care Protection Act, California will fall right back into the days of deficits and cuts, facing \$5 billion in education cuts and a \$3 billion budget deficit the first year alone.</p>
<p>I already pay too much in taxes. Doesn’t California already have the highest taxes in the country?</p>	<p>This initiative doesn’t raise taxes, it just prevents the richest 2% of Californians from getting a tax break. It continues the current income tax rates on couples earning half a million dollars and individuals earning a quarter million. And it actually lets the sales tax rate drop by a quarter percent, helping all Californians keep more money in their pockets.</p>

Question	Answer
<p>My school district didn't see any additional funding through the Local Control Funding Formula. Why should I support this initiative?</p>	<p>ALL schools received additional funding thanks to Prop. 30. In fact, public education funding has seen the largest increases in state history for the last two years. We are moving in the right direction, and it's critical that we continue our investment in all California students. According to state revenue projections, if we reduce taxes on the wealthy, all our students will lose once again and public schools will face \$5 billion in cuts annually beginning in 2019. We owe it to our students to continue to restore art, music and P.E. programs; reduce class sizes; hire more educators and support professionals; prioritize student learning over testing and make it easier to attend a California college.</p>