

★ **ARGUMENT IN FAVOR OF PROPOSITION 38** ★

Education is our future because children are our future. Without quality schools, our state will lack the skilled workforce needed to grow our economy and create jobs.

Instead of investing in our schools, political leaders from both parties have been cutting. Since 2008, they've cut school budgets by \$20 billion. Over 40,000 educators have been laid off, and California now has the largest class sizes in the nation.

RESTORE AND EXPAND SCHOOL FUNDING.

Proposition 38 makes schools a priority again. It provides guaranteed funding to restore a well-rounded education and improve educational outcomes.

It guarantees billions of dollars to local schools based on enrollment, averaging \$10 billion annually over twelve years.

School sites can use the money to reduce class sizes or restore classes in art, music, math, science, vocational and technical education and college preparation—based on different needs at different schools.

Learn how much new funding Proposition 38 sends directly to schools in your community at: www.moneyforlocalschools.org/restore.

PREVENT MORE CUTS.

Proposition 38 helps prevent more budget cuts by setting aside \$3 billion annually through 2016–17 to reduce the state deficit by repaying state education bond debt.

PREPARE CHILDREN TO SUCCEED.

38 provides over \$1.1 billion annually to restore budget cuts to early childhood education, improve quality, and expand access to preschool.

A FAIR-SHARE WAY TO INVEST IN OUR SCHOOLS.

As Californians, we should all contribute something to improve our schools because we will all share in the benefits better schools will bring to our state's economy and quality of life.

Proposition 38 provides \$10 billion annually to restore school funding by raising state tax rates on income after all deductions,

using a sliding scale based on ability to pay. The wealthiest taxpayers pay the most, with rates rising 2.2% for individuals on incomes over \$2.5 million. At the low end, taxpayers with incomes under \$25,000 would pay an annual average of \$7.00.

Learn how Proposition 38 affects taxpayers like you at: www.moneyforlocalschools.org/taxcalculator.

FIVE GUARANTEES TO PARENTS AND TAXPAYERS:

- *The Legislature can't touch the money.* 38 PROHIBITS the Legislature from diverting or borrowing the money, and it cannot use the new money to replace money schools currently receive.
- *School funding MUST go per pupil to every school and must be spent at the school.* The funds will be audited and any attempted misallocation is a felony punishable by jail time and a ban on holding public office.
- *The money CANNOT be spent to increase salaries or pensions of school personnel, and 38 prohibits spending more than 1% on administration.*
- *Spending decisions will be made locally, after public input.* Districts MUST hold open meetings at each school site to get input from parents, educators and the community before spending the money.
- *School districts will be accountable for improvement at each school.* They MUST set annual educational improvement goals for each school, and publicly report how the money was spent and whether improvement goals were achieved.

MAKE SCHOOLS A PRIORITY AGAIN. YES ON 38.

CAROL KOCIVAR, President
California State Parent Teacher Association
EDWARD JAMES OLMOS, Actor
ARUN RAMANATHAN, Executive Director
Education Trust-West

★ **REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 38** ★

We all want better schools.

But throwing \$120 BILLION NEW TAX DOLLARS into a new unaccountable state bureaucracy will not bring back quality education for our children.

Instead of reforming the system, cleaning up waste and abuses, Prop. 38 raises taxes and throws more money into an unaccountable bureaucracy:

- Prop. 38 is a massive income tax hike for middle class taxpayers and small businesses. If you earn \$8,000 or more per year in taxable income, your rates go up by as much as 21% for the next TWELVE YEARS.
- Prop. 38 will damage small businesses by drastically raising taxes on family businesses that file and pay income taxes as individuals, not as corporations.
- Prop. 38 kills jobs in small and family businesses where most job growth is taking place. California has the third-highest unemployment rate in the country.
- Prop. 38 can't be changed for twelve years—even in the case of fraud or waste.

- Prop. 38 gives Sacramento politicians \$3 billion a year for four years to spend as they choose.
- Prop. 38 creates a costly new bureaucracy by forcing schools to go through complex red tape just to receive basic funding, and mandates new programs while necessary school functions have been cut back.
- Prop. 38 does virtually nothing to improve student performance.

Join California educators, doctors, law enforcement officials, taxpayer organizations and small business leaders in voting No on 38. www.StoptheMiddleClassTaxHike.com.

ANDREW WONG, Member
Pomona Unified School District, Board of Education
KEITH ROYAL, President
California State Sheriffs' Association
RICHARD RIDER, Chairman
San Diego Tax Fighters

★ **ARGUMENT AGAINST PROPOSITION 38** ★

No on Prop. 38:

\$120 Billion Income Tax Hike on Most Californians

If you earn \$17,346 or more per year in taxable income, Prop. 38 raises your California personal income tax rate by as much as 21%, on top of what you pay the Federal government.

The Prop. 38 tax increase continues until 2024. If you have a child entering first grade, you'll be paying higher income taxes until that child graduates from high school.

Even as the economy improves and more people get back to work, the tax increases continue. Even without necessary reforms to our education system, like the ability to fire bad teachers, the tax increases still continue. Prop. 38 locks us into higher income tax rates for the next twelve years—no matter what!

The politicians and bureaucrats get billions of dollars in new taxes, with virtually no accountability on how the money is spent and how much actually gets into the classroom.

Targets Small Business and Kills Jobs

Approximately 3.8 million California small businesses pay individual taxes on their earnings, rather than corporate taxes. Consequently, small businesses will be devastated by these higher taxes—even businesses making as little as \$30,000 or \$40,000 a year.

Instead of creating jobs and improving the economy, Prop. 38 will force family businesses to cut jobs, move out of state, or even close. If they can stay in business, they'll raise prices to pay the higher taxes, which will ultimately be passed on to consumers.

No Requirements to Improve School Performance

Under 38, there are no requirements to improve school performance or get rid of bad teachers. Too much money will continue to be spent on administration, consultants, pensions, benefits and overhead and too little will be spent in the

classroom. Currently, 24% of California students don't graduate from high school. Prop. 38 pours more money into a system that is failing our kids without requiring improvements in outcomes for students.

No Changes, Even for Fraud or Waste, for Twelve Years

Prop. 38 contains a special provision hidden in its twenty-seven pages of fine print that prohibits any changes in the measure through 2024 (without another vote of the people), even in the case of waste, fraud or abuse.

\$120 Billion in New Taxes, but Nothing to Reduce Our Deficit

Prop. 38 allows the politicians in Sacramento to keep spending. There is nothing in Prop. 38 that requires any of the funds to be used specifically for deficit reduction and nothing that stops the politicians from getting us back into the same mess we're in now, even with \$120 billion in new taxes.

No on Prop. 38:

- 27 pages of fine print and flaws
- \$120 billion in higher taxes
- Increases income taxes for taxable incomes above \$17,346
- Damages small business and kills jobs
- No Requirements to Improve School Performance
- Can't be changed for twelve years—even for fraud or waste—without another vote

No on Prop. 38—Another flawed, costly and misleading initiative.

ALLAN ZAREMBERG, President
California Chamber of Commerce
KEN WILLIAMS, Member
Orange County Board of Education
THOMAS HUDSON, Executive Director
California Taxpayer Protection Committee

★ **REBUTTAL TO ARGUMENT AGAINST PROPOSITION 38** ★

Our schools are in trouble. \$20 billion in budget cuts. 47th out of 50 states in per pupil spending. 40,000 educators laid off. Instead of prioritizing education, politicians are cutting back.

Prop. 38 offers a solution. Its opponents offer no solutions, only misleading attacks.

- Don't believe the scare tactics about taxes. Under 38, tax rates on income go up between 0.4% and 2.2%, not 21%.
- Small businesses earning \$30,000 to \$40,000 will NOT be "devastated." 38's average increase for incomes between \$25,000 and \$50,000 is \$54.
- 38's money for schools MUST go per pupil to every local school site. It MUST be spent there—where the students are—and it MUST be used to improve student outcomes. SACRAMENTO POLITICIANS CANNOT TOUCH THE MONEY.
- 38 PROHIBITS using the school money to increase salaries, pensions or other benefits; spending on administration CANNOT exceed 1%.
- There is real accountability. 38 REQUIRES publicly disclosed independent audits and reports on educational results. Attempted misallocation is a felony.

- VOTERS can amend 38, but NOT POLITICIANS. This protects 38's guarantee that the Legislature cannot divert money away from schools.

Proposition 38 guarantees schools new funding averaging \$10 billion annually for twelve years to restore cuts and improve educational outcomes.

We rely on public schools to educate our children and provide employers with skilled, productive employees. Failing to invest in schools hurts our children and our economy.

Read 38 for yourself at prop38forlocalschools.org.
Make schools a priority. Yes on 38.

CELIA JAFFE, President
4th District PTA, Orange County
ALEX KAJITANI
2009 California Teacher of the Year
TINA REPETTI-REZZULLO
2010–2011 Los Angeles County Teacher of the Year