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, while at the same time freeing up dollars in the general fund and, if certain criteria are met, increasing funding towards health care.
Are the taxes temporary, like the current Prop 30?	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: 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.
Does the initiative increase funding for education and the Prop 98 guarantee – the public education spending requirement?	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 teachers and help to keep tuition costs from skyrocketing – not administrative costs.

	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.
Will this initiative expand health care coverage for low income children and families?	Yes. If certain budgetary requirements are met, the iniative will provide up to $2 billion annually in funds for health care for low-income children and their families.
Does the initiative help maintain a balanced budget?	Yes. This initiative has built-in flexibility that allows for restoration of general fund spending cuts and provides for relief in budget emergencies.
Are there auditing and disclosure requirements?	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.
What are the tax rates and tax brackets?	This Initiative temporarily extends the original Prop 30 income tax rates and brackets: 10.3%- $250-$299 K 11.3%- $300-$499 K 12.3%- $500 K+ *All brackets double for joint filers* Note: Incomes over $1,000,000 are taxed an additional 1% surcharge due to Proposition 63.
Are income brackets indexed for inflation?	Yes.

Are the revenues subject to the Gann state appropriations limit?	Yes. CA 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.
Are the revenues subject to Prop 2 – the Rainy Day Fund?	Yes.
What amendments were filed to the initiative?	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.