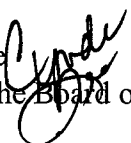


**COUNTY OF SACRAMENTO
Inter-Department Correspondence**

February 22, 2012

TO: Leslie McFadden, Legislative Advocate

FROM: Cyndi Lee 
Clerk of the Board of Supervisors

**SUBJECT: Item #1, February 22, 2012 Agenda
Legislative Update: Consideration of Governor's Schools and Local Public
Safety Protection Act of 2012**

The Board of Supervisors, at the regular meeting held on Wednesday, February 22, 2012, took the following action:

Supported CSAC's positions on the Governor's proposed ballot measure.

Cc: Navdeep S. Gill
Assistant County Executive

CL:vr

**COUNTY OF SACRAMENTO
CALIFORNIA**

1

For the Agenda of:
February 22, 2012
2:00 p.m.

To: Board of Supervisors

From: Legislative Advocate's Office

Subject: Legislative Update: Consideration Of Governor's Schools And Local Public Safety Protection Act Of 2012

Supervisory District(s): All

Contact: Leslie A. McFadden, Legislative Advocate, 874-3578

Overview

On February 23, 2012, the California State Association of Counties (CSAC) Board of Directors will take action on Governor Brown's proposed November ballot measure: "The Schools and Local Public Safety Protection Act of 2012". The CSAC Executive Committee has recommended that the CSAC Board of Directors support the Governor's measure on behalf of the Association.

On December 13, 2011, the Board of Supervisors considered two pending ballot measures, one launched by CSAC, the California State Sheriff's Association (CSSA), and the Chief Probation Officers of California (CPOC), the other launched by Governor Brown. At that meeting, the Board voted 5-0 to support a constitutional amendment that will secure adequate, ongoing funding for the 2011 Public Safety Realignment. The Board also included a related new policy in the 2012 State Legislative Policies to "support efforts to secure an adequate, ongoing, and sustainable funding source for counties to perform functions that are realigned to us from the state."

On January 5, 2012, the CSAC Board of Directors voted to suspend action on the CSAC/CSSA/CPOC ballot measure to avoid confusing the voters with two ballot measures that protected realignment. CSSA and CPOC also voted later to suspend their participation in the coalition ballot measure.

Governor Brown's measure is the only remaining proposal to achieve the needed constitutional protection for counties. However, this ballot measure includes increases in personal income tax on annual earnings over \$250,000 for five years and increases sales tax and use tax by ½ cent for four years. The CSAC Executive Committee is recommending that the CSAC Board of Directors support the Governor's measure. CSSA and CPOC have endorsed the measure.

The purpose of today's hearing is to provide history and background on the Governor's ballot measure in preparation for the February 23, 2012 CSAC meeting. The Board may wish to consider whether to recommend that the CSAC Board of Directors support the Governor's measure.

BACKGROUND AND DISCUSSION

Since March 2011 the Board of Supervisors has discussed different proposals for counties to gain protections in the state constitution for the funds we receive to carry out public safety programs that have been permanently "realigned" or shifted from the state to the local level. On March 22, 2011, the Board took action to support in concept Governor Brown's first constitutional amendment on a vote of 4-1 which the Legislature was considering at that time. This measure proposed to extend two existing temporary taxes for another five years to fund public safety realignment and to provide counties with protections in the constitution to ensure state funding in the future. This proposal (SCA 1X, Steinberg, 2011) failed to receive the necessary 2/3 votes in the Legislature to place it on the statewide ballot.

Subsequently the Budget Act of 2011 funded what is called "2011 Public Safety Realignment" or "AB 109" with a newly dedicated portion of existing state sales tax revenue and existing Vehicle License Fees (VLF) that are to be continuously appropriated to counties. However, there remains no constitutional guarantee that these specific funds will continue to be available to counties in the amounts specified after the 2011-12 fiscal year. Sacramento County received \$13.1 million in realigned funds for the current year and we understand that amount could be more than double in the budget year, based on the Governor's revenue estimates and assuming that the allocation formula does not change dramatically.

On September 20, 2011 the Board received an update from Jean Hurst of CSAC on the status of their efforts to obtain constitutional protections for realignment. In a CSAC memo that was included in the Board's Legislative Update report for that hearing, CSAC stated: "Absent a constitutional amendment, counties remain vulnerable to potential diversion of revenues dedicated to realignment, as well as the fiscal consequences of changes to program requirements and parameters. Without constitutional protections, the success or failure of realignment remains in the hands of the Legislature and the Governor."

During the fall of 2011, CSAC joined with the California State Sheriff's Association (CSSA) and the Chief Probation Officers of California (CPOC) to draft a constitutional measure to obtain the constitutional protections originally contained in SCA 1X. The objective was to gain a sufficient number of valid voter signatures to place this measure on the November 2012 ballot through the initiative process, rather than asking the Legislature to directly place the measure on the ballot (which had been tried and failed last spring).

Meanwhile, Governor Brown also launched his own ballot measure through the initiative process, rather than working through the Legislature to place it on the ballot. This measure (The Schools and Local Public Safety Protection Act of 2012) contains the protections that CSAC has been seeking on behalf of counties and it contains new temporary state taxes (sales and use tax and personal income tax) to fund K-14 education for up to five years. This proposed Act is the Governor's second effort to gain constitutional protections for county realigned programs.

Prior to a special CSAC Board of Directors meeting on January 5, 2012 to address both pending ballot measures, the Board of Supervisors considered them on December 13, 2011. At that meeting, the Board voted 5-0 to support a constitutional amendment that will secure adequate, ongoing funding for the 2011 Public Safety Realignment. The Board also included a related new

policy in the 2012 State Legislative Policies to "support efforts to secure an adequate, ongoing, and sustainable funding source for counties to perform functions that are realigned to us from the state."

On January 5, the CSAC Board of Directors voted to suspend action on the CSAC/CSSA/CPOC ballot measure and also reaffirmed that "obtaining a constitutional guarantee of revenues to support the 2011 realigned programs, as well as protecting counties from costs associated with future changes to those programs, remained the top priority of the Association". The CSAC Board wanted to avoid confusing the voters with two ballot measures that protected realignment and also wanted to continue the positive relationship that CSAC has developed with the Governor on this topic. The other two member associations also voted later to suspend their participation in the coalition ballot measure.

As a result, Governor Brown's measure is the only remaining proposal to achieve the needed constitutional protections for counties. Consequently, the CSAC Board of Directors will vote on the Governor's measure on February 23, 2012. The CSAC Executive Committee is recommending that the Board of Directors support the Governor's measure. The CSSA most recently endorsed the Governor's measure by a vote of 36-5 (Sacramento County Sheriff Scott Jones voted no). CPOC has also endorsed the Governor's plan. To qualify for the November 2012 ballot, this proposal must receive 807,615 valid signatures by June 18, 2012. Currently there are 65 other initiatives seeking to qualify for the November ballot.

ATTACHMENT 1 contains the background materials from CSAC for their Board of Director's consideration of the Governor's ballot measure on February 23, 2012. The packet lists the known supporters to date and includes information on two other pending ballot measures that also propose to raise taxes for education. Letters of support from two other counties are provided as well as the Legislative Analyst's Letter, and a recent statewide survey on the Governor's ballot measure and his state budget. **ATTACHMENT 2** contains the language of the proposed ballot measure.

Summary of Ballot Measure: Below is the title and summary of the Governor's proposed measure as it will appear on the statewide ballot, if it qualifies.

Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.

Increases personal income tax on annual earnings over \$250,000 for *five* years. Increases sales and use tax by 1/2 cent for *four* years. Allocates temporary tax revenues 89 percent to K-12 schools and 11 percent to community colleges. Bars use of funds for administrative costs, but provides local school governing boards discretion to decide, in open meetings and subject to annual audit, how funds are to be spent. Guarantees funding for public safety services realigned from state to local governments. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state revenues over the next five fiscal years. Estimates of the revenue increases vary--for 2012-13, from \$4.8 billion to \$6.9 billion; for 2013-14 through 2015-16, from \$5.5 billion to \$6.9 billion on average each year; and for 2016-17, from \$3.1 billion to \$3.4 billion. These revenues would be available to (1) pay for the state's school and community college funding requirements, as increased by this measure, and (2) address the state's budgetary problem by paying for other**

spending commitments. Limitation on the state's ability to make changes to the programs and revenues shifted to local governments in 2011, resulting in a more stable fiscal situation for local governments.

Also below are highlights of the Governor's measure related to protecting local public safety realignment dollars:

- Public safety services subject to the constitutional protections parallel the services that the state realigned to counties in 2011.
- Existing sales tax and VLF fees dedicated to realignment are constitutionally protected and the State Controller must transfer the amount owed counties from the state General Fund if the state fails to annually appropriate the amount.
- Future state legislation, regulation, executive orders, administrative directives or any federal plan or waiver that increases county costs for realigned programs after specified dates shall only be provided by counties to the extent that the state provides annual funding for the cost increase.
- State must pay at least 50 percent of federal law changes, judicial decisions, and penalties that increase county costs related to realigned programs.
- State must not use property taxes or any realignment funds from either the 1991 or 2011 Realignment to pay for any of these increased costs to counties.
- Funds the county receives must be deposited in the "County Local Revenue Fund 2011" and must not be used to supplant other funding for realigned programs.
- Realigned programs are not subject to the SB 90 state reimbursement mandate process.

New taxes in ballot measure and link to state budget: The Governor's proposed budget for 2012-13 assumes the passage of his ballot measure which would temporarily raise the personal income tax rates on higher income earners and temporarily raise the sales tax rate. According to the ballot measure, these new tax revenues would be deposited into an account specifically for schools and would count toward meeting the required Proposition 98 minimum guarantee. Of the total amount of new revenues raised, 89 percent would be provided to K-12 schools and 11 percent would be provided to community colleges.

The ballot measure temporarily increases the personal income tax rate for five years beginning in the 2012 tax year and does this by creating three additional tax brackets with rates above 9.3 percent. (The amount paid would depend on the income of the filers starting from \$250,000 for individuals). The measure also temporarily increases the state sales and use tax rate by 0.5 percent for four years from January 1, 2012 through the end of 2016. The statewide average sales and use tax rate would increase to 8.6 percent under the measure, according to the Legislative Analyst's Office (LAO). The LAO estimates increased revenues from these two sources in 2012-13 to range from \$4.8 billion to \$6.9 billion. The Governor's proposed budget assumes \$4.4 billion in new revenues from passage of the ballot measure.

Also of note, the Governor's proposed budget assumes a new round of "trigger" cuts slated to take effect on January 1, 2013, if his ballot measure fails, as shown the following table.

Ballot Trigger Reductions	
Effective January 1, 2013	
(\$ in millions)	
Proposition 98	\$4,836.9
University of California /1	200.0
California State University /1	200.0
Courts	125.0
Department of Forestry and Fire Protection	15.0
Flood Control	6.6
Fish and Game: Non-Warden Program	2.5
Fish and Game: Wardens	1.0
State Park Rangers	1.0
State Park Lifeguards	1.0
Department of Justice	1.0
Total Ballot Trigger Reductions	\$5,390.0

1/ This level of savings may be offset by Cal Grant increases if the universities raise tuition. (Source: CSAC Budget Action Bulletin 1/5/12)

The Board of Supervisors has adopted policies and procedures to consider action as a Board of Supervisors on a statewide ballot measure after it has qualified for the ballot, not before. As noted, the Governor's measure has not yet qualified for the statewide ballot. That is why the Board is not being asked to take a position on the Governor's proposed measure today. The Board may, however, wish to consider whether the CSAC Board of Directors should support the Governor's measure, which is the recommendation before that body.

In summary, the Governor's second proposed constitutional amendment proposes temporary new taxes to help balance the state budget and to offset more cuts to education and other programs. Also of note, the Governor's measure is the only pending measure that would provide counties with constitutional protections and guaranteed funding for the public safety programs that the state has realigned to the local level. In Fiscal Year 2012-13, the realignment program is worth close to \$6 billion statewide. The Board has indicated support for efforts to obtain adequate, ongoing funding for 2011 Realignment.

Respectfully submitted,

APPROVED:
BRADLEY J. HUDSON
County Executive

LESLIE A. McFADDEN
Legislative Advocate

By: _____
NAVDEEP S. GILL
Assistant County Executive

Attachments:

- Attachment 1: Constitutional Protections for Realignment (CSAC Memo 2/8/12)
- Attachment 2: The Schools and Local Public Protection Act of 2012

MEMORANDUM



February 8, 2012

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To: Board of Directors
 California State Association of Counties

From: Paul McIntosh
 Executive Director

Re: **Constitutional Protections for Realignment – ACTION ITEM**

At a special meeting on January 5, the CSAC Board of Directors reaffirmed that obtaining a constitutional guarantee of revenues to support the 2011 realigned programs, as well as protecting counties from costs associated with future changes to those programs, remained the top priority of the Association. The board also voted to suspend all efforts by CSAC to qualify an independent ballot measure, leaving the measure filed by Governor Brown ("*The Schools and Local Public Safety Protection Act of 2012*") as the only available vehicle to achieve those constitutional protections.

On January 19, the CSAC Executive Committee considered the Governor's proposed ballot measure and voted to recommend to the Board of Directors that CSAC take a SUPPORT position on the measure.

This memo is intended to provide information to the Board of Directors to assist in considering that recommendation.

Background

Realignment in 2011 shifted responsibility for nearly \$6 billion in public safety and social service programs to California's counties. CSAC's support of realignment was premised on assurances from Governor Brown and the Legislature that the funding for realigned programs would be constitutionally protected and counties' exposure to future programmatic costs would be limited. Without these guarantees and protections, California counties remain significantly exposed to increased costs and program responsibilities.

In September 2011, after the Legislature failed to approve Senate Constitutional Amendment 1X (SCA 1X) – the measure that included the negotiated constitutional protections – the Board of Directors authorized CSAC staff to begin to prepare a ballot measure and evaluate the efficacy of moving forward on a realignment-only measure. CSAC's measure, "*The Local Taxpayers, Public Safety and Local Services Protection Act of 2012*," was filed with the Attorney General on November 2, 2011 and received title and summary from the Attorney General and a fiscal analysis from the Legislative Analyst's Office on December

29, 2011. CSAC was joined by the California State Sheriffs' Association and the Chief Probation Officers of California in pursuit of the realignment-only measure.

Subsequently, the Governor filed his own sponsored initiative, "*The Schools and Local Public Safety Protection Act of 2012*," on December 5, 2011. The Governor's measure received title and summary from the Attorney General on January 18. That title and summary, as well as the Legislative Analyst's fiscal analysis, are attached. The title given to the measure by the Attorney General reads "TEMPORARY TAXES TO FUND EDUCATION. GUARANTEED LOCAL PUBLIC SAFETY FUNDING. INITIATIVE CONSTITUTIONAL AMENDMENT."

At a special meeting of the CSAC Board of Directors on January 5, the Board voted to suspend all activities related to the *Local Taxpayers, Public Safety and Local Services Protection Act of 2012*, leaving the Governor's proposed ballot measure as the only vehicle with which to obtain the guaranteed funding and constitutional protections sought. The Board of Directors reaffirmed, during that meeting, that obtaining the guarantee and protections were the top priority for the Association.

The Governor's measure provides for a temporary (five year) increase in the personal income tax for high income (over \$250,000) earners as well as a temporary (four year) ½ cent increase in the state sales and use tax. Proceeds of the taxes are dedicated to a new fund, the Education Protection Account and can only be spent on K-14 education. The measure bars use of the funds for administrative purposes. From the analysis of the Legislative Analyst's Office, details of the proposed temporary taxes are:

Under current law, the maximum marginal Personal Income Tax (PIT) rate is 9.3 percent, and it applies to taxable income in excess of \$48,209 for individuals; \$65,376 for heads of household; and \$96,058 for joint filers. This measure temporarily increases PIT rates for higher incomes by creating three additional tax brackets with rates above 9.3 percent. Specifically, this measure imposes:

- A 10.3 percent tax rate on income between \$250,000 and \$300,000 for individuals; \$340,000 and \$408,000 for heads of household; and \$500,000 and \$600,000 for joint filers.
- A 10.8 percent tax rate on income between \$300,000 and \$500,000 for individuals; \$408,000 and \$680,000 for heads of household; and \$600,000 and \$1 million for joint filers.
- An 11.3 percent tax rate on income in excess of \$500,000 for individuals; \$680,000 for heads of household; and \$1 million for joint filers.

These tax rates would affect roughly 1 percent of California PIT filers due to the high income threshold. The tax rates would be in effect for five years starting in the 2012 tax year.

This measure temporarily increases the state Sales and Use Tax (SUT) rate by 0.5 percent. The higher tax rate would be in effect for four years—from January 1, 2013 through the end of 2016. Under the measure, the statewide average SUT rate would increase to 8.6 percent

Since virtually all of the income earners impacted by the proposed temporary increase in personal income taxes itemize their deductions on state and federal tax returns, a significant portion of the increase in state taxes paid through this provision could be offset by a reduced federal tax liability.

The revenues raised by the temporary taxes are in addition to the funding guarantee for the realigned programs. The revenues generated from these temporary taxes are exclusively dedicated to school entities (K-12 education and community colleges) and are subject to the Proposition 98 calculation. The revenues raised by the measure are deposited directly into a newly created fund and allocated to schools, bypassing the Legislature. This essentially means that these revenues are first to fill the "bucket" of the state's annual Proposition 98 calculation, thus saving the state about half of that amount that can otherwise be used for other state General Fund purposes.

In addition to the temporary increase in taxes for education, the measure provides a constitutional guarantee of the funding dedicated to the 2011 realignment (an amount equal to 1.0625% of the state sales tax and certain vehicle license fees) as well as the protections of those programs sought last Spring in SCA 1X.

Discussion

Under normal circumstances, CSAC does not take a position on ballot measures until they have qualified for the ballot. However, CSAC policies and procedures provide that *"in the event that a proposed ballot measure has a direct impact on county government ... the CSAC officers may direct"* that action be taken on the measure prior to actual qualification. This measure affects nearly \$6 billion of funding for realigned programs and certainly has a dramatic, direct impact on California's counties. Therefore, the CSAC Officers have determined that it is in the best interest of the Association to move forward to quickly support the measure.

CSAC has enjoyed a unique, strong relationship with Governor Brown. He spent his first full day in office, January 4, 2011, meeting with CSAC officers and senior staff regarding his efforts to divest state programs to counties. He followed that up with a meeting with the CSAC Board of Directors in March 2011 and worked closely with CSAC officers and staff during the summer in an effort to gain passage of SCA 1X.

For the past five years, CSAC has pursued a strategy that California counties are partners with the State of California in the delivery of vital services to our citizens. The politics of confrontation, followed by some, do not seem to have borne fruit. Certainly when one compares the impacts that state budget reductions had on California counties in the 1980s and 1990s with the impacts of the past few years, counties have fared very well. It continues to be in the best interests of

counties to work cooperatively with the Administration and Legislature to assist them in addressing the final vestiges of this recession.

It has long been CSAC policy to support a balanced approach to resolving the chronic state budget deficit and under that policy CSAC has supported increased revenues in the past. For instance, in 2009 the CSAC board supported an increase in the gas tax when the Legislature proposed to permanently divert the entire local share of the Highway User Tax Account (HUTA) to fund debt service and provide \$1 billion a year in General Fund relief. This tax increase generated an additional \$750 million per year.

Governor Brown inherited a combined \$26.2 billion budget deficit when he took office last year and whittled that down to a \$9.2 billion deficit for the next 18 month period. The Governor's proposed 2012-13 budget is balanced through a combination of budget cuts and the proposed tax increases. If the tax increases are not supported, triggers cuts — primarily in education — would automatically kick in. The temporary taxes contained in the Governor's ballot measure are about half of the taxes that would have been extended by SCA 1X. CSAC voted 45-4 to support SCA 1X due primarily to the fact that it contained the constitutional protections sought as part of realignment, as does the Governor's proposed measure.

Through his proposed budget, the Governor projects that these taxes would be temporary and that growth in the state's economy would produce future tax revenues sufficient to offset the loss of the temporary taxes when they expire.

Beginning in 1991, the State of California has relied upon temporary tax increases to assist the state in recovering from severe recessions. In 1991, Governor Wilson proposed, and the Legislature enacted, high-income taxes by adding incremental tax rates of 10 and 11 percent on those upper income levels. These rates expired after five (5) years in 1996. In addition, a temporary ½ cent sales tax was imposed, set to expire in 1993. Even those increased tax revenues, though, did not prevent that state from diverting \$4.3 billion of local property taxes to a state Education Revenue Augmentation Fund (ERAF) to fund part of the state's obligation to K-14 education in 1992-93 and 1993-94 as the recession lingered.

Also in 1991, CSAC supported an increase in the sales tax (½ cent) and an adjustment to the depreciation schedule of the vehicle license fee that generated \$1.98 billion that was then designated to the 1991 realignment programs. Both of those tax sources remain in effect today and generate approximately \$4 billion for California counties to use on those programs.

In part to offset the impacts of those tax diversions in 1993, the Legislature placed Proposition 172 on the ballot. This measure offered voters the opportunity to continue the ½ cent sales tax that was to expire at the end of 1993

and dedicated the funding from the ½ cent sales tax to public safety. CSAC supported Proposition 172; it passed by a strong margin and remains in effect today.

In 2009, under Governor Schwarzenegger, the Legislature adopted temporary income tax rates at the higher level, a temporary 1 cent increase in the sales tax, and a temporary Vehicle License Fee rate increase, a portion of which was dedicated to local public safety. These temporary taxes were in place for two years and expired at the end of June 2011. These were the taxes that would have been extended for five years under SCA 1X.

State Budget Cuts

There is no question that California and the rest of the nation have been wracked by one of the worst and prolonged economic recessions since the Great Depression. The impact first hit California in 2008 and has been felt in every budget since.

In response, California has made significant cuts in state expenditures. It is difficult to make an apples-to-apples comparison of budget gaps and deficits as those figures seem to change continuously. However, if you compare the actual budget figures for the state's general fund, you can see that the State of California has made real reductions in spending, while demand for services has continued to climb.

<i>In Billions</i>	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
General Fund	\$102.137	\$103.373	\$91.547	\$87.335	\$91.48	\$85.937

The 2011-12 Budget cut General Fund spending as a share of the economy to its lowest level since 1972-73. State Supplementary Payment grants were reduced to the level in effect in 1983. CalWORKs grants were reduced to below the level in effect in 1987. State support for its universities and courts was cut by about 25 percent and 20 percent, respectively. The Adult Day Health Care program, redevelopment agencies, Williamson Act subventions, Home-to-School Transportation, and the refundable child care and dependent tax credit were all eliminated. The Department of Corrections and Rehabilitation's expenditures will be reduced by approximately 18 percent once realignment is fully implemented. K-14 education funding remains \$9 billion below the funding level in 2007-08.

The Governor has proposed further cuts to K-14 education should his measure fail in November. Furthermore, such a failure would exacerbate the structural deficit that has plagued the state since 2000.

The Governor's Campaign

While any statewide tax measure faces an uphill battle, the Governor's measure does appear to have strong initial support among voters. CSAC conducted a poll of the Governor's measure in December 2011 and found that 62% of those polled support a plain language description of the measure. The ongoing cuts to public education are the most persuasive arguments. In this same poll, a range of 65% to 71% of likely voters expressed concern about funding for K-14 education.

As more information about the measure is distributed, voters' concerns about education and support for the measure seem to increase. The Public Policy Institute of California conducted a comprehensive survey in January, in the wake of the release of Governor Brown's proposed budget for the next fiscal year. That survey found 72% of adults and 68% of likely voters favored the proposed temporary tax increases. A copy of the survey is attached.

As of this writing, the Governor has raised over \$2 million in support of his measure and is currently collecting signatures throughout the state to qualify. We anticipate significant funding from business, labor and education groups in support of the Governor's efforts. The Governor has in fact indicated a broad range of supporters, from labor to business interests. To date, the following groups have made financial contributions to the Governor's campaign:

- American Beverage Association
- Occidental Petroleum
- Blue Shield of California
- Californians to Protect Chiropractic Patient Rights
- California Attorneys in State Employment
- Members' Voice of the State Building Trades
- California Association of Hospitals and Health Systems
- California Tribal Business Alliance
- Lytton Band of Pomo Indians
- Paskenta Band of Nomlaki Indians
- Morongo Band of Mission Indians
- Agua Caliente Band of Cahuilla Indians
- KP Financial Services
- GTech
- Yocha DeHe Wintun Nation
- Education Management LLC
- American Federation of State and City Municipal Employees
- Kaiser Permanente

As of this writing, the following groups or businesses have publicly supported the Governor's initiative:

- Chief Probation Officers of California
- California Business and Industry Association

California Medical Association
Community College League of California
California Teachers Association
Building and Construction trades Council
Service Employees International Union
American Federation of State and City Municipal Employees
Los Angeles County (Letter attached)
Contra Costa County (Letter attached)

Interestingly, in his association's statement regarding support for the measure, California Teachers Association President Dean Vogel is quoted as saying:

"Educators know that California cannot continue to cut its way out of ongoing budget problems. We also know that not everyone in California is paying their fair share, and that's why we are supporting the governor's tax proposal, which taxes the wealthiest Californians in order to bring additional revenue to our schools, colleges and other essential public services.

"The governor's initiative is the only initiative that provides additional revenues for our classrooms and closes the state budget deficit, **and guarantees local communities will receive funds to pay for the realignment of local health and public safety services that the Legislature approved last year.** It's time to put California back on track and this initiative is the best way to do that. It's the right choice for our students and their families, our communities and our state." [*Emphasis added.*]

The Governor has also committed to an ongoing dialogue with counties regarding implementation issues for realigned programs, as well as other issues of statewide concern. We continue to have an active and constructive dialogue with Administration officials on the implementation of AB 109 and realignment generally.

An important factor that will influence the Governor's success will be the extent to which he can clear the field of other tax initiatives, most importantly the other measures seeking to raise the personal income tax. In particular, there are two other ballot measures aimed at November 2012 that contain personal income tax increases to fund education. As of this writing, both of these campaigns have indicated they plan to proceed with signature gathering and qualification. Neither of these measures contains provisions protecting realignment funding:

A group called *The Coalition for Restoring California* has proposed a "millionaires' tax". A key member of this coalition is the California Federation of Teachers (CFT). Starting with tax year 2012, the measure raises the personal income tax (PIT) an additional 3% on the portion of a taxpayer's income between \$1 million and \$2 million and 5% on any income above \$2 million. As with the current mental health surcharge, the brackets would be the same for single, joint, and head-of-household returns and would not be indexed for inflation. Most of the funding,

estimated at \$6 to \$9.5 billion per year, would go to K-14 education, but funding would also go to several county-managed programs - county programs for seniors, children, the disabled, and public health (25%); county public safety programs (10%); and, county road and bridge maintenance (4.9%). The campaign recently reported a \$500,000 contribution from the CFT and a \$200,000 contribution from an organization "California Calls". The California Nurses Association have also indicated their support for this measure.

The second measure is sponsored by *Our Children, Our Future*, whose primary benefactor is Molly Munger, a civil rights attorney in Los Angeles and the daughter of Charles Munger, partner to Warren Buffet. Their proposal increases the personal income tax (PIT) rates on all but the lowest income bracket, beginning in 2013 and ending in 2024. The additional marginal tax rates would be higher as taxable income increases. For income of PIT filers currently in the highest current tax bracket (9.3% marginal tax rate, excluding the mental health tax), additional marginal tax rates would rise as income increases. The income levels in the tax brackets would be indexed for inflation. The current mental health tax would continue to be imposed.

In 2013-14 and 2014-15, all revenues raised by this measure (estimated to be between \$10 and \$11 billion per year) would be allocated for schools and Early Care and Education (ECE) programs (85% for schools, 15% for ECE). Beginning in 2015-16, total allocations to schools and ECE programs could not increase at a rate greater than the average growth in California personal income per capita in the previous five years. The measure also prohibits monies from being used to replace state, local, or federal funding that was in place prior to November 1, 2012. All revenue collected by the measure and allocations made to schools are excluded from the calculation of the Proposition 98 minimum guarantee. Ms. Munger has contributed \$900,000 to this campaign as of this writing, and recently indicated that she would spend "whatever it takes" to qualify her measure for the ballot.

Both of these measures are currently circulating petitions to gain enough signatures to qualify for the November ballot. It is unclear whether the *Coalition for Restoring California* has sufficient means to qualify its measure and run an effective campaign. *Our Children, Our Future* appears to have sufficient funding to do both, and they show no sign of abating their effort.

Governor Brown has pledged that if his November 2012 measure fails, due to a crowded ballot or other issues, he will not hesitate to bring back another ballot measure to provide the guarantees and protections sought by California counties.

Recommendation

The Schools and Local Public Safety Protection Act of 2012 remains the only viable vehicle for California Counties to obtain the constitutional protections and guaranteed funding for realigned programs that remains the top priority of the Association. While the measure polls well as of this writing, competing measures could weaken its chances of passage. Association support of the measure is important to garner the votes necessary to pass the measure. Furthermore, Association support is very important should the measure fail and it becomes necessary for the Governor to follow through on his commitment to bring the protections back in another election.

The Executive Committee has recommended that the Board of Directors vote to **SUPPORT** *The Schools and Local Public Safety Protection Act of 2012*.

Attachments

- (1) Los Angeles County Letter dated January 25, 2012
- (2) Contra Costa County Letter dated January 31, 2012
- (3) Title and Summary dated January 18, 2012
- (4) Legislative Analyst's Letter dated January 11, 2012
- (5) PPIC Statewide Survey, January 2012



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January 25, 2012

Mr. Paul McIntosh, Executive Director
California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814

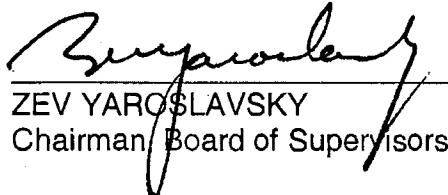
Dear Mr. McIntosh:

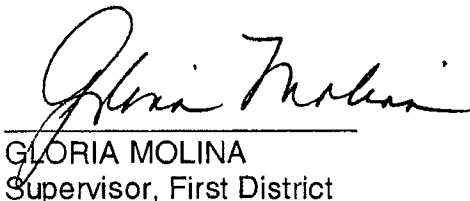
This letter is to advise you that on January 24, 2012, the Los Angeles County Board of Supervisors voted to support Governor Brown's ballot initiative titled, "*Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.*" to constitutionally guarantee revenues identified for the 2011 Public Safety Realignment and protect local governments from future increased and unfunded costs associated with the administration of realigned programs.

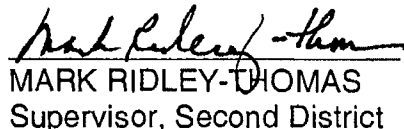
We firmly believe that minimum guaranteed funding and constitutional protections are vital for counties to successfully implement the 2011 Public Safety Realignment. While our Board has ongoing concerns because of the myriad of complexities we have experienced with the implementation of the realigned programs, we fully support the Governor's initiative effort to guarantee realignment revenues and provide local governments protections as we implement and operate the realigned programs.

We are advising Governor Brown of our support for his initiative and we are committed to continue working with his Administration and CSAC to ensure successful implementation of the 2011 Public Safety Realignment.

Sincerely,


ZEV YAROSLAVSKY
Chairman, Board of Supervisors


GLORIA MOLINA
Supervisor, First District


MARK RIDLEY-THOMAS
Supervisor, Second District

The Board of Supervisors

County Administration Building
651 Pine Street, Room 106
Martinez, California 94553

John Giola, 1st District
Gayle B. Uilkema, 2nd District
Mary N. Piepho, 3rd District
Karen Mitchoff, 4th District
Federal D. Glover, 5th District

Contra Costa County



David Twa
Clerk of the Board
and
County Administrator
(925) 335-1900

January 31, 2012

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

RE: Support for the Governor's Ballot Initiative in November 2012

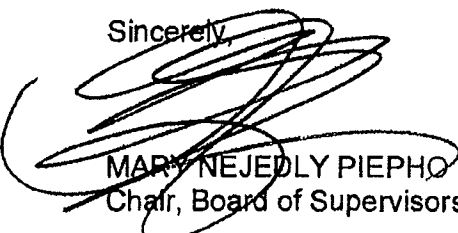
Dear Governor :

As Chair of the Board of Supervisors of Contra Costa County, I write to advise you that on January 17, 2012 the Board voted unanimously 5-0 to support your ballot initiative titled "*Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.*" to constitutionally guarantee revenues identified for the 2011 Public Safety Realignment and protect local governments from future increased costs associated with the realigned programs.

We appreciate your willingness to continue working with us as we implement new and expanded program responsibilities transferred from the State to counties pursuant to AB 109 of 2011. Your continued commitment to provide counties with minimum guaranteed funding and constitutional protections will be vital for the implementation of the 2011 Public Safety Realignment.

We look forward to a continued partnership with your Administration to resolve potential concerns and provide counties with the necessary funding, protections, and guarantees to ensure the public safety of Contra Costa county residents and all Californians.

Sincerely,


MARY NEJEDLY PIEPHO
Chair, Board of Supervisors

cc: Contra Costa Legislative Delegation
Members, Contra Costa Board of Supervisors
Cathy Christian, Nielsen Merksamer
CSAC, Paul McIntosh

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

TEMPORARY TAXES TO FUND EDUCATION. GUARANTEED LOCAL PUBLIC SAFETY FUNDING. INITIATIVE CONSTITUTIONAL AMENDMENT. Increases personal income tax on annual earnings over \$250,000 for five years. Increases sales and use tax by ½ cent for four years. Allocates temporary tax revenues 89 percent to K-12 schools and 11 percent to community colleges. Bars use of funds for administrative costs, but provides local school governing boards discretion to decide, in open meetings and subject to annual audit, how funds are to be spent. Guarantees funding for public safety services realigned from state to local governments. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state revenues over the next five fiscal years. Estimates of the revenue increases vary--for 2012-13, from \$4.8 billion to \$6.9 billion; for 2013-14 through 2015-16, from \$5.5 billion to \$6.9 billion on average each year; and for 2016-17, from \$3.1 billion to \$3.4 billion. These revenues would be available to (1) pay for the state's school and community college funding requirements, as increased by this measure, and (2) address the state's budgetary problem by paying for other spending commitments. Limitation on the state's ability to make changes to the programs and revenues shifted to local governments in 2011, resulting in a more stable fiscal situation for local governments. (12-0001)**



January 11, 2012

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Dawn McFarland
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional amendment related to the funding of local governments and schools and temporary taxes (A.G. File No. 11-0090).

BACKGROUND

State's Fiscal Situation

California's Recent Budget Problems. The General Fund is the state's core account that supports a variety of programs, including public schools, higher education, health, social services, and prisons. The General Fund has experienced chronic shortfalls in recent years due to trends in state spending and revenues. State budgetary problems since 2008-09 have been caused by a number of factors, including a severe economic recession that caused state revenues to decline sharply. To deal with the state's budgetary shortfalls, policymakers have reduced program expenditures, temporarily raised taxes, and taken a variety of other measures including various forms of borrowing from special funds and local governments.

Ongoing Budget Deficits Projected. The state's budget shortfalls are expected to continue over the next five years under current tax and expenditure policies. In November 2011, the Legislative Analyst's Office (LAO) estimated annual budget deficits of greater than \$5 billion through 2016-17, including a budget shortfall of roughly \$13 billion in 2012-13. In January 2012, the Department of Finance (DOF) estimated a budget shortfall of \$9.2 billion in 2012-13 and annual budget deficits of less than \$5 billion thereafter.

Taxes and Revenues

The General Fund is supported primarily from income and sales taxes paid by individuals and businesses.

Income Tax. The personal income tax (PIT) is a tax on income earned in the state and is the state's largest revenue source. Tax rates range from 1 percent to 9.3 percent depending on a taxpayer's income. Higher tax rates are charged as income increases, such that the 1 percent of tax filers with the most income now pay around 40 percent of state income taxes. An additional 1 percent rate is levied on taxable incomes in excess of \$1 million with the proceeds dedicated to mental health services rather than the General Fund.

Sales Tax. California's sales and use tax (SUT) is levied on the final purchase price of tangible consumer goods, except for food and certain other items. The SUT rate consists of both a statewide rate and a local rate. The current statewide rate is 7.25 percent. Approximately half of the revenue derived from the statewide rate is deposited into the General Fund, while the remainder is allocated to local governments. Localities also have the option of imposing, with voter approval, add-on rates to raise revenues for cities, counties, or special districts. As a result, SUT rates in California differ by county and locality, with an average rate of about 8.1 percent.

State School Funding

In 1988, voters approved Proposition 98. Including later amendments, Proposition 98 establishes a guaranteed minimum annual funding level—commonly called the minimum guarantee—for K-14 education (consisting of K-12 schools and community colleges). The minimum guarantee is funded through a combination of state General Fund appropriations and local property tax revenues. With a two-thirds vote in any given year, the Legislature can suspend the Proposition 98 guarantee for one year and provide any level of K-14 funding it chooses.

Minimum Guarantee Often Affected by Changes in State Revenues. In many years, the calculation of the minimum guarantee is highly sensitive to changes in state General Fund revenues. In years when General Fund revenues grow by a large amount, the guarantee is likely to increase by a large amount. Conversely, in years when General Fund revenues decline by a large amount, the guarantee is likely to drop by a large amount. In these years, however, the state typically generates an associated "maintenance factor" obligation that requires the state to accelerate future growth in Proposition 98 funding when General Fund revenues revive. Another type of Proposition 98 obligation is known as "settle-up." A settle-up obligation is created when the state ends a fiscal year having appropriated less than the finalized calculation of the minimum guarantee. Typically, the state pays off settle-up obligations in installments over several years.

2011 Realignment Legislation

Shift of State Program Responsibilities. The state and local governments in California operate and fund various programs. These programs are funded through a combination of state, federal, and local funds. The specific responsibilities and costs assigned to state and local governments vary by program. As part of the 2011-12 state budget plan, the Legislature enacted a major shift—or "realignment"—of state program responsibilities and revenues to local governments. The realignment legislation shifts responsibility from the state to local governments (primarily counties) for several programs including court security, adult offenders and parolees, public safety grants, mental health services, substance abuse treatment, child welfare programs, and adult protective services. Implementation of this transfer began in 2011.

Dedication of Revenues to Cover Program Costs. To fund the realignment of these programs, the budget dedicates a total of \$6.3 billion in revenues from three sources into a special fund for local governments. Specifically, the realignment plan directs 1.0625 cents of the statewide SUT rate to counties. Under prior law, equivalent revenues were deposited in the General Fund. In addition, the realignment plan redirects an estimated \$462 million from the 0.65 percent vehicle license fee (VLF) rate for local law enforcement programs. Under prior law, these VLF revenues were allocated to the Department of Motor Vehicles for administrative purposes and to cities and Orange County for general purposes. The budget also shifts \$763 million on a one-time basis in 2011-12 from the Mental Health Services Fund (established by Proposition 63 in November 2004) for support of the Early and Periodic Screening, Diagnosis, and Treatment Program and Mental Health Managed Care program.

Exclusion of Revenues From Proposition 98 Calculation. A budget-related law, Chapter 43, Statutes of 2011 (AB 114, Committee on Budget), stated that the 1.0625 cent SUT realignment revenues were to be excluded from the Proposition 98 calculation. This provision of Chapter 43, however, was made operative for 2011-12 and subsequent fiscal years contingent on the approval of a ballot measure by November 2012 that both (1) authorizes the exclusion of the 1.0625 cent sales tax revenues from the Proposition 98 calculation and (2) provides funding for school districts and community colleges in an amount equal to the reduction in the minimum guarantee due to the exclusion. If these conditions are not met, Chapter 43 creates a settle-up obligation for the lower Proposition 98 spending in 2011-12 to be paid over the next five fiscal years.

State-Reimbursable Mandates

State Required to Reimburse Local Governments for Certain Costs. The California Constitution generally requires the state to reimburse local governments when it “mandates” a new local program or higher level of service. In some cases, however, the state may impose requirements on local governments that increase local costs without being required to provide state reimbursements.

Open Meeting Act Mandate. The Ralph M. Brown Act (known as the Brown Act) requires all meetings of the legislative body of a local agency to be open and public. Certain provisions of the Brown Act—such as the requirement to prepare and post agendas for public meetings—are state-reimbursable mandates.

PROPOSAL

The measure amends the Constitution to permanently dedicate revenues to local governments to pay for the programs realigned in 2011 and temporarily increases state taxes.

2011 Realignment Legislation

Guarantees Ongoing Revenues to Local Governments for Realigned Programs. The measure requires the state to continue allocating SUT and VLF revenues to local governments to pay for the programs realigned in 2011. If portions of the SUT or VLF dedicated to realignment are reduced or eliminated, the state is required to provide alternative funding that is at least equal to the amount that would have been generated by the SUT and VLF for so long as the local governments are required to operate the realigned programs.

Constrains State's Ability to Impose Additional Requirements After 2012. Through September 2012, the measure allows the state to change the statutory or regulatory requirements related to the realigned programs. A local government would not be required to fulfill a statutory or regulatory requirement approved after September 2012 related to the realigned programs, however, unless the requirement (1) imposed no net additional costs to the local government or (2) the state provided additional funding sufficient to cover its costs.

Limits Local Governments From Seeking Additional Reimbursements. This measure specifies that the legislation creating 2011 realignment (as adopted through September 2012) would not be considered a state-reimbursable mandate. Therefore, local governments would not be eligible to seek reimbursement from the state for any costs related to implementing the legislation. Similarly, the measure specifies that any state regulation, executive order, or administrative directive necessary to implement realignment would not be a state-reimbursable mandate.

State and Local Governments Could Share Some Unanticipated Costs. The measure specifies that certain unanticipated costs related to realignment would be shared between the state and local governments. Specifically, the state would be required to fund at least half of any new local costs resulting from certain changes in federal statutes or regulations. The state also would be required to pay at least half of any new local costs resulting from federal court decisions or settlements related to realigned programs if (1) the state is a party in the proceeding, and (2) the state determines that the decision or settlement is not related to the failure of local agencies to perform their duties or obligations.

Open Meeting Act Mandate

The measure specifies that the Brown Act would no longer be considered a state-reimbursable mandate. Localities would still be required to follow the open meeting rules in the Brown Act but would not be eligible to seek reimbursement from the state for any associated costs.

Tax Rates

Increases Income Tax Rates on Higher Incomes for Five Years. Under current law, the maximum marginal PIT rate is 9.3 percent, and it applies to taxable income in excess of \$48,209 for individuals; \$65,376 for heads of household; and \$96,058 for joint filers. This measure temporarily increases PIT rates for higher incomes by creating three additional tax brackets with rates above 9.3 percent. Specifically, this measure imposes:

- A 10.3 percent tax rate on income between \$250,000 and \$300,000 for individuals; \$340,000 and \$408,000 for heads of household; and \$500,000 and \$600,000 for joint filers.
- A 10.8 percent tax rate on income between \$300,000 and \$500,000 for individuals; \$408,000 and \$680,000 for heads of household; and \$600,000 and \$1 million for joint filers.
- An 11.3 percent tax rate on income in excess of \$500,000 for individuals; \$680,000 for heads of household; and \$1 million for joint filers.

These tax rates would affect roughly 1 percent of California PIT filers due to the high income threshold. The tax rates would be in effect for five years starting in the 2012 tax year. (The additional 1 percent rate for mental health services would still apply to income in excess of \$1 million.)

Increases SUT Rate for Four Years. This measure temporarily increases the state SUT rate by 0.5 percent. The higher tax rate would be in effect for four years—from January 1, 2013 through the end of 2016. Under the measure, the statewide average SUT rate would increase to 8.6 percent.

State School Funding

Permanently Removes Realigned Sales Tax Revenues From Proposition 98 Calculation. The measure amends the Constitution to explicitly exclude the 1.0625 cent sales tax revenues directed to realignment programs from the Proposition 98 calculation.

New Tax Revenues Deposited Into New Account for Schools and Community Colleges. The measure requires that the additional tax revenues generated by the temporary increases in PIT and SUT rates be deposited into a newly created Education Protection Account (EPA). Appropriations from the account could be used for any educational purpose and would count towards meeting the Proposition 98 minimum guarantee. Of the monies deposited into the account, 89 percent would be provided to schools and 11 percent would be provided to community colleges. The EPA funds for schools would be distributed the same way as existing general purpose per-pupil funding, except that no school district is to receive less than \$200 in EPA funds per pupil. Similarly, EPA funds for community colleges would be distributed the same way as existing general purpose per-student funding, except that no community college district is to receive less than \$100 in EPA funds per full-time equivalent student.

FISCAL EFFECTS

Realignment Programs

Provides More Certainty to Local Governments. This measure would change the state's authority over the 2011 realignment. After September 2012, the state could not impose new requirements to 2011 realignment resulting in increased costs without providing sufficient funding. Also, the state would share certain new costs related to federal law or court cases. Consequently, the measure reduces the financial uncertainty and risk for local governments under realignment. Any impact would depend on how the state would have acted in the future absent the measure, as well as what, if any, actions are taken by the federal government or courts.

Limits State's Ability to Change 2011 Realignment. With regard to the state, the measure would have the related impact of restricting the state's ability to make changes resulting in new costs to local governments in the 2011 realignment without providing additional funding to local governments. The state could also bear additional costs associated with new federal laws or court cases beyond the funds provided by 2011 realignment.

State Revenues

Significant Volatility of PIT Revenues Possible. Most of the income reported by California's upper-income filers is related in some way to their capital investments, rather than wages and salary-type income. In 2008, for example, only about 37 percent of the income reported by PIT filers reporting over \$500,000 of income consisted of wages and salaries. The rest consisted of capital gains (generated from sales of assets, such as stocks and homes), income from these filers' interests in partnerships and "S" corporations, dividends, interest, rent, and other capital income. While upper-income filers' wage and salary income is volatile to some extent (due to the cyclical nature of bonuses, among other things), their capital income is *highly* volatile from one year to the next. For example, the current mental health tax on income over \$1 million generated about \$734 million in 2009-10 but has raised as much as \$1.6 billion in previous years. Given this volatility, estimates of the revenues to be raised by this initiative will change between now and the November 2012 election.

Revenue Estimates. The volatility described above makes it difficult to forecast this measure's state revenue gains from high-income taxpayers. As a result, the estimates from our two offices of this measure's annual revenue increases vary. Between 2013-14 and 2015-16 (the three years in which both the PIT and SUT increases would be in effect for the entire fiscal year), the LAO currently forecasts an average annual increase in state revenues of \$5.5 billion, and DOF currently forecasts an average annual increase in state revenues of \$6.9 billion. For the 2012-13 budget, the LAO forecasts this measure would generate \$4.8 billion of additional revenues, and DOF forecasts \$6.9 billion of additional revenues. (This essentially reflects six months of SUT receipts in 2013 and 18 months of PIT receipts from all of tax year 2012 and half of tax year 2013.) In 2016-17, the measure's PIT and SUT increases would be in effect for only six months of the fiscal year before expiring. In that fiscal year, the LAO forecasts this measure would generate \$3.1 billion of revenues, and DOF forecasts \$3.4 billion of revenues.

Proposition 98

Net Increases in Proposition 98 Minimum Guarantee Over Period. The measure affects the Proposition 98 calculations. The effect of the temporary tax increases would more than offset the state savings generated by the exclusion of the realignment SUT revenues. The exact increase in the minimum guarantee, however, would depend on a number of factors, including the amount of revenue raised by the measure, year-to-year growth in General Fund revenues, and the way in which Proposition 98 maintenance factor obligations are paid. The increase could be in the billions of dollars annually. By excluding the realignment SUT revenues from the Proposition 98 calculations beginning in 2011-12, the state would no longer have a 2011-12 settle-up obligation. As a result, the state would not need to pay hundreds of millions of dollars annually from 2012-13 through 2016-17.

State Budget

Deposits New Revenues in EPA. The new PIT and SUT revenues would be deposited in EPA. The measure dedicates EPA funds for spending on schools and community colleges and counts them towards the Proposition 98 minimum guarantee.

New Revenues Available to Balance State Budget. As described above, the measure would increase the Proposition 98 minimum guarantee. At the same time, the measure would put new tax revenue into EPA, which would be available for meeting the state's Proposition 98 obligation. The EPA funds would be sufficient to fund the increase in the minimum guarantee as well as pay part of the minimum guarantee currently funded with the General Fund, annually freeing up General Fund monies to help balance the state budget.

Long-Term Budget Effect Uncertain. The measure's tax increases are temporary, expiring at the end of 2016. Depending on future budget decisions and the state of the economy, the loss of the additional tax revenues could create additional budget pressure starting in 2016-17. The effect would be gradual, however, as the tax increase will remain in effect for half of 2016-17, preventing revenues from dropping considerably in one fiscal year.

Summary of Fiscal Effect

This measure would have the following major fiscal effects:

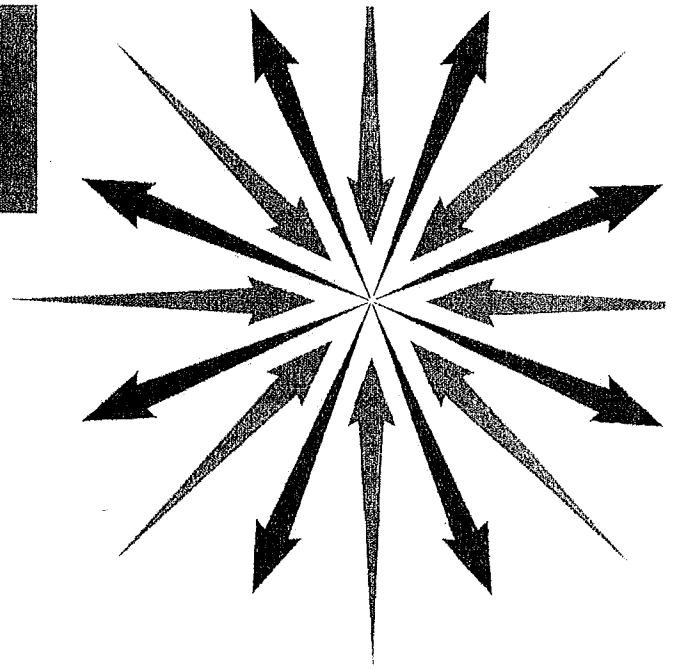
- Increased state revenues over the next five fiscal years. Estimates of the revenue increases vary—for 2012-13, from \$4.8 billion to \$6.9 billion; for 2013-14 through 2015-16, from \$5.5 billion to \$6.9 billion on average each year; and for 2016-17, from \$3.1 billion to \$3.4 billion.
- These revenues would be available to (1) pay for the state's school and community college funding requirements, as increased by this measure, and (2) address the state's budgetary problem by paying for other spending commitments.
- Limitation on the state's ability to make changes to the programs and revenues shifted to local governments in 2011, resulting in a more stable fiscal situation for local governments.

Sincerely,

Mac Taylor
Legislative Analyst

Ana J. Matosantos
Director of Finance

PPIC STATEWIDE SURVEY



JANUARY 2012

Californians & their government

Mark Baldassare

Dean Bonner

Sonja Petek

Jui Shrestha

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in collaboration with
The James Irvine Foundation

ABOUT THE SURVEY

The PPIC Statewide Survey provides policymakers, the media, and the public with objective, advocacy-free information on the perceptions, opinions, and public policy preferences of California residents. Inaugurated in April 1998, this is the 123rd PPIC Statewide Survey in a series that has generated a database of responses from more than 260,000 Californians.

This survey is the 50th in the *Californians and Their Government* series, which is conducted periodically to examine the social, economic, and political trends that influence public policy preferences and ballot choices. The series is supported with funding from The James Irvine Foundation. This survey seeks to inform decisionmakers, raise public awareness, and stimulate policy discussions and debate about important state and national issues, with a particular focus on the California state budget.

This survey was conducted in the wake of the release of Governor Brown's 2012 budget proposal. To close the state's \$9.2 billion budget deficit, the proposal includes cuts to social service programs and a proposed initiative to raise taxes that voters would have to approve in November. New revenues from the taxes would go toward K-12 education but if voters reject it, automatic cuts to schools would ensue. The new year marks the completion of Jerry Brown's first year in office and the beginning of the Republican presidential primary process. We also assess Californians' confidence in state and federal elected officials in the context of legislative gridlock last year.

This survey presents the responses of 2,002 adult residents throughout the state, interviewed in English or Spanish by landline or cell phone. It includes findings on these topics:

- State fiscal issues, including preferred approach to deal with the budget gap; attitudes towards spending levels; support for higher taxes to maintain funding for major program areas; attitudes towards specific taxes; attitudes towards Governor's Brown's budget proposal, including proposed tax increases and spending cuts; perceptions of state and local tax systems; opinions on the shifting of some responsibilities from the state to the local level, including corrections responsibilities; and knowledge of state and local budgets.
- State and national political context, including perceptions of the most important issue for the governor and legislature in 2012; approval ratings of Governor Brown and the legislature, and residents' own state legislators; approval ratings of President Obama and Congress, California's U.S. senators, and residents' own Congressional representatives; and opinions on whether the governor and legislature and the president and Congress will be able to work together in the coming year. We also examine candidate preferences in the Republican primary process, and satisfaction with candidate choices for the 2012 presidential election.
- Time trends, national comparisons, and the extent to which Californians may differ in their perceptions, attitudes, and preferences regarding state and national issues, based on their political party affiliation, region of residence, race/ethnicity, and other demographics.

This report may be downloaded free of charge from our website (www.ppic.org). For questions about the survey, please contact survey@ppic.org. Try our PPIC Statewide Survey interactive tools online at <http://www.ppic.org/main/survAdvancedSearch.asp>.

PPIC Statewide Survey

CONTACT

Linda Streaan 415-291-4412
Andrew Hattori 415-291-4417

NEWS RELEASE

EMBARGOED: Do not publish or broadcast until 9:00 p.m. PST on Tuesday, January 24, 2012.

Para ver este comunicado de prensa en español, por favor visite nuestra página de internet:
<http://www.ppic.org/main/pressreleaselindex.asp>

PPIC STATEWIDE SURVEY: CALIFORNIANS AND THEIR GOVERNMENT

Strong Support for Brown Tax Plan, Opposition to School ‘Trigger Cuts’

BUT MOST ALSO FEEL STATE COULD CUT SPENDING WITHOUT CUTTING SERVICES

SAN FRANCISCO, January 24, 2012—Strong majorities of Californians favor Governor Jerry Brown’s proposed tax initiative and oppose the automatic cuts that public schools will face if voters fail to approve the measure in November. These are among the key findings of a statewide survey released today by the Public Policy Institute of California (PPIC), with funding from The James Irvine Foundation.

The initiative would temporarily increase the state sales tax and the personal income taxes of wealthy Californians, with the new revenue going to K–12 education. When read a summary, 72 percent of adults and 68 percent of likely voters favor the proposal. (The survey was taken before the attorney general released the measure’s official title and summary language.) Eighty-five percent of Democrats and 65 percent of independents favor the tax increase. Republicans are slightly more likely to favor (53%) than oppose it (46%). If the initiative fails, Brown says there will be automatic cuts to public schools. Seventy-nine percent of adults and 75 percent of likely voters oppose these trigger cuts, as do strong majorities of Democrats (83%), Republicans (67%), and independents (67%).

The tax initiative and trigger cuts are part of the governor’s 2012-13 budget proposal designed to close a multibillion-dollar deficit. His plan also includes spending cuts in welfare, child care, Medi-Cal, and other social service programs. Californians give these cuts negative reviews: 58 percent of adults oppose them and 39 percent are in favor. Likely voters are more closely divided (51% oppose, 44% favor).

When read a brief summary of Brown’s budget proposal that includes these elements—tax increases with increased funding for schools and cuts in social services—half of adults (50%) are in favor and 43 percent are opposed. Likely voters are split (48% favor, 46% oppose).

Californians hold these views at a time when most (62% adults, 60% likely voters) say their local government services have been affected a lot by recent state budget cuts. Most (55% adults, 59% likely voters) say that K–12 public education is the area of state spending they most want to protect from budget cuts. Far fewer adults choose one of the three other main areas of state spending: higher education (19%), health and human services (17%), and prisons and corrections (6%).

But while 40 percent of adults and likely voters prefer closing the state’s budget gap with a mix of spending cuts and tax increases—the approach Brown has proposed—similar proportions (35% adults, 41% likely voters) prefer closing it mainly through spending cuts. Indeed, Californians are far from happy with the way the state spends their money. Most (59% adults, 55% likely voters) believe state government could cut spending and still provide the same level of services. Most (59% adults, 62% likely voters) also favor strictly limiting the amount of money that state spending could increase each year.

"There remains a strong belief that the state government could spend less and provide the same services even as Californians notice local service reductions from state spending cuts and show early support for a tax increase," says Mark Baldassare, PPIC president and CEO.

SPLIT ROLL, TAXING THE RICH, CORPORATIONS FAVORED—SALES TAX HIKE IS NOT

When asked if they would pay higher taxes to maintain funding levels for the state's four largest areas of spending, Californians are most willing to do so for K-12 public education (72%, adults, 62% likely voters), followed by health and human services (57% adults, 49% likely voters) and higher education (57% adults, 46% likely voters). Just 13 percent of adults and 12 percent of likely voters would pay higher taxes to maintain funding for prisons and corrections.

The PPIC survey asked separate questions about specific taxes that could be increased to help reduce the budget deficit, including two that are part of the governor's tax initiative: income taxes on the wealthy and the state sales tax. Californians strongly favor (74% adults, 68% likely voters) raising the top rate of state income tax paid by the wealthiest residents. Most Democrats (85%) and independents (71%) favor this idea, while Republicans are slightly more likely to be opposed (52% oppose, 46% favor). But large majorities of Californians (69% adults, 64% likely voters) oppose raising the state sales tax. Majorities across parties are against this idea, although Democrats (54%) are less likely to oppose it than independents (71%) or Republicans (74%).

"The challenge the governor faces with his tax initiative is that one generally popular tax increase—raising personal income taxes on the wealthy—is paired with one generally unpopular one—raising the state sales tax," Baldassare notes.

Among other potential tax increases that have been discussed, most residents (68% adults, 61% likely voters) favor raising the taxes on California corporations—a record-high level of support since PPIC first asked the question in May 2005. Most Californians (60% adults and likely voters) also favor the so-called split roll property tax, which would lift Proposition 13 limits on commercial property tax increases and instead tax this property at current market values. But most (54% adults and likely voters) oppose the idea of extending the state sales tax to services that are not currently taxed.

At a time when a number of proposals to raise taxes are being discussed, how do Californians feel about the fairness of the state and local tax system? Most adults say it is fair (7% very fair, 50% moderately fair), as do likely voters (4% very fair, 49% moderately fair). Fewer (41% adults, 45% likely voters) say it is not too fair or not at all fair. Across income groups, majorities view the system as fair (57% under \$40,000, 58% \$40,000 to \$80,000, 55% \$80,000 or more). While most view the system as fair, 46 percent of adults say they pay more than they should, 47 percent say they pay about the right amount, and 6 percent say they pay less than they should. Opinions among likely voters are similar.

Asked a fundamental question about the size of government, 51 percent of Californians would prefer to pay higher taxes and have a state government that provides more services, while 41 percent would prefer to pay lower taxes and have a state government that provides fewer services. Likely voters are more evenly split: 45 percent want higher taxes and more services and 48 percent want lower taxes and fewer services. Since PPIC first asked this question in February 2003, neither response has generated overwhelming preference.

OPTIMISM FADES THAT BROWN, LEGISLATURE CAN WORK TOGETHER

When Brown took office in January 2011, he had a job approval rating of 41 percent among adults and 47 percent among likely voters. Today, 46 percent of adults approve of his job performance—a new high—while 31 percent disapprove. The percentage of adults who are unsure of his job performance—23 percent—is the lowest since he took office. Among likely voters, Brown's job approval rating is 44 percent, with 38 percent disapproving and 17 percent unsure.

The legislature's approval rating remains far lower—at 28 percent among adults and 17 percent among likely voters. Californians view their own representatives in the assembly and state senate more positively: 36 percent of adults and 32 percent of likely voters approve of these lawmakers' job performance.

Last January, most Californians (58%) said they thought the governor and legislature would be able to work together and accomplish a lot in the year to come. Today, there is less optimism: 44 percent say the governor and legislature will be able to work together and 47 percent say they will not.

In contrast, Californians are more pessimistic when asked this question about federal elected officials: 35 percent think President Barack Obama and the U.S. Congress will be able to work together and accomplish a lot in the next year and 62 percent do not.

AS HE FACES RE-ELECTION, OBAMA'S APPROVAL AT 54 PERCENT AMONG ADULTS

As this election year begins, Obama has the approval of 54 percent of Californians, while 42 percent disapprove and 4 percent are unsure. Likely voters are split (49% approve, 49% disapprove, 2% unsure). His job approval among Californians has declined from 70 percent in February 2009, just after he took office. It is now the same as President George W. Bush's in January 2004 (54%), when he faced re-election. A large majority of Democrats (81%) approve of Obama's job performance and a large majority of Republicans (83%) disapprove. Independents are divided (44% approve, 48% disapprove). Nationally, adults are more evenly split on Obama's job performance (47% approve, 45% disapprove), according to a recent CBS News/*New York Times* poll.

Just a quarter of Californians (25%) approve of the U.S. Congress, whose job approval rating sank to a record-low 20 percent in December 2011. Likely voters are even less likely (14%) to approve of Congress.

Californians are more positive about their own representatives in Congress. Forty-six percent of adults (47% likely voters) approve of their representative in the U.S. House. U.S. Senator Dianne Feinstein—who faces re-election this year—has an approval rating of 47 percent among adults and likely voters. Senator Barbara Boxer's approval rating is 46 percent among adults and 45 percent among likely voters.

ROMNEY LEADS IN GOP PRIMARY RACE

In the PPIC survey, conducted before the South Carolina primary, Mitt Romney leads (37%) among California's Republican likely voters, followed by Newt Gingrich (18%), Rick Santorum (15%), and Ron Paul (11%), with 17 percent undecided. To report the preferences of all Republican likely voters, the survey allocated the supporters of Jon Huntsman and Rick Perry to their second-choice candidates.

Just over half of likely voters (53%) are satisfied with their choices of candidates, and 42 percent are not. Among Democrats, 67 percent are satisfied. Half of Republicans (52%) and independents (51%) are not.

MORE KEY FINDINGS

- **Two-thirds favor state-local realignment**—page 14

Most Californians favor an idea Brown introduced in his budget plan a year ago: shifting tax dollars and fees and the responsibility for operating some programs from the state to local governments. Half are confident (38% somewhat, 12% very) that their local governments can handle the shift of some lower-risk inmates from state prisons to county jails, a change that began last October.

- **Few know where the money comes from and where it goes**—page 16

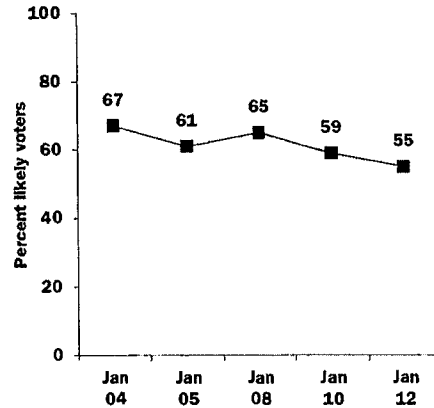
Sixteen percent of adults say they know a lot about how state and local governments spend and raise money, and 38 percent say they know some. But among those who say they have a lot or some knowledge, only 18 percent are aware that K-12 education is the largest area of spending.

CALIFORNIA BUDGET AND FISCAL ATTITUDES

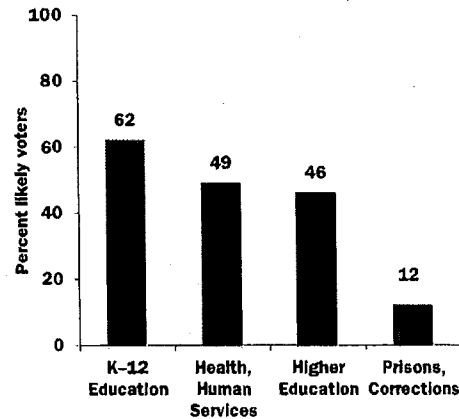
KEY FINDINGS

- Two in three adults say the state budget situation is a big problem. To reduce the budget deficit, 35 percent prefer spending cuts and 40 percent a mix of spending cuts and tax increases. Majorities say the state could spend less and still maintain the same level of services. (pages 7, 8)
- Most Californians choose K-12 education as the budget area they most want to protect from cuts, and are also willing to pay higher taxes to maintain current funding levels for K-12 education. (pages 7, 9)
- Seven in 10 likely voters favor raising the top rate of the income tax paid by the wealthiest Californians; two in three oppose raising the state sales tax. (page 11)
- When read a brief summary of Governor Brown's 2012 budget proposal, likely voters are divided in their support. About half oppose proposed spending cuts to social service programs. Strong majorities favor Governor Brown's tax initiative and oppose the automatic cuts to K-12 education that would occur if the tax initiative does not pass. (pages 12, 13)
- Two in three Californians continue to favor shifting some state responsibilities to local governments. There is confidence in their ability to handle this shift, but confidence is lower about shifting lower-risk prison inmates to county jails. (page 14)
- Majorities view the current state and local tax system as very (7%) or moderately (50%) fair. Nearly half (47%) say they pay about the right amount in taxes. Sixteen percent of adults and 22 percent of likely voters say they know a lot about state and local government finances. (pages 15, 16)

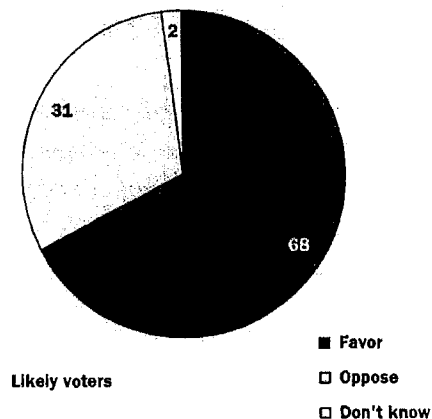
Percent Saying the State Could Spend Less and Maintain Same Level of Services



Willingness to Pay Higher Taxes to Maintain Current Funding Levels



Support for Governor Brown's Proposed Tax Initiative



ASSESSING THE CURRENT BUDGET SITUATION

Large majorities of adults (64%) and likely voters (78%) describe the state budget situation in California as a big problem. A year ago, 68 percent of adults and 83 percent of likely voters said that the state budget situation was a big problem. Today, a majority of adults (62%) and likely voters (60%) say that their local government services have been affected a lot by recent state budget cuts, while fewer than one in 10 in each group says they have not. Last September, 67 percent of adults and 68 percent of likely voters said their local services had been affected a lot by recent state budget cuts.

“Would you say that your local government services—such as those provided by city and county governments and public schools—have or have not been affected by recent state budget cuts? (If they have: Have they been affected a lot or somewhat?)”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Affected a lot	62%	69%	52%	59%	60%
Affected somewhat	27	24	30	28	28
Not affected	8	4	14	7	8
Don't know	4	2	5	5	3

Governor Brown has proposed a mix of spending cuts and tax increases to deal with the state budget gap. Although 40 percent of adults and likely voters prefer this approach, similar shares prefer to deal with the state's budget gap mostly through spending cuts. A year ago, responses to this question were similar. There is a partisan divide on this question, with 67 percent of Democrats favoring either a mix of spending cuts and tax increases (48%) or mostly tax increases (19%), while 62 percent of Republicans favor dealing with the budget gap mostly through spending cuts; 55 percent of independents prefer either a mix of spending cuts and tax increases (47%), or mostly tax increases (8%).

“As you may know, the state government currently has an annual budget of around \$85 billion and faces a multibillion-dollar gap between spending and revenues. How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
A mix of spending cuts and tax increases	40%	48%	25%	47%	40%
Mostly through spending cuts	35	25	62	35	41
Mostly through tax increases	13	19	7	8	13
Okay to borrow money and run a budget deficit	6	5	2	5	3
Other	1	1	2	1	1
Don't know	4	2	2	4	2

Governor Brown has said he wants to shield K–12 public education from state spending cuts. When the four largest areas for state spending are named, 55 percent of adults and 59 percent of likely voters say that K–12 public education is the one they most want to protect from spending cuts, while far fewer name higher education, health and human services, and prisons and corrections. Democrats (56%), Republicans (59%), independents (56%), just over half across the state's major regions, and pluralities across all age, education, income, and racial/ethnic groups would most like to protect K–12 public schools from spending cuts. We have found a public preference for most wanting to protect K–12 public schools from state spending cuts since we first asked this question during the 2003 budget crisis.

ATTITUDES TOWARD STATE SPENDING LEVELS

Californians would prefer to pay higher taxes and have a state government that provides more services than pay lower taxes and receive fewer services (51% to 41%). Likely voters are split in their opinions. Since we first asked this question in February 2003, neither response has generated overwhelming preference, and Californians are often divided on this size-of-government question. Today, this question divides voters sharply along partisan lines: 67 percent of Democrats would prefer paying higher taxes for more services, but an even greater share of Republicans (74%) would prefer paying lower taxes for fewer services. Independents prefer smaller government (52%) to larger government (42%).

**“In general, which of the following statements do you agree with more:
I'd rather pay higher taxes and have a state government that provides more services, or
I'd rather pay lower taxes and have a state government that provides fewer services?”**

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Higher taxes and more services	51%	67%	20%	42%	45%
Lower taxes and fewer services	41	25	74	52	48
Don't know	8	7	6	6	7

There is a perception among Californians that the state government could do the same with less: 59 percent of adults and 55 percent of likely voters believe the state government could cut spending and still provide the same level of services. How much less? Among adults who say the state could spend less and provide the same service levels, nearly one in five (18%) say state government could cut less than 10 percent, four in 10 (41%) say it could cut spending 10 to under 20 percent, and one in three (34%) say the state could cut spending 20 percent or more and still maintain services. The share who believe the state could cut spending and still provide the same services has declined 8 points since January 2004 (from 67% to 59%); among likely voters, the share has dropped 12 points (from 67% to 55%). Majorities of Republicans (70%) and independents (64%) say the state could cut its spending without affecting service levels, while Democrats are more likely to say it could not (43% could, 53% could not).

Most Californians (59%) also believe it is a good idea to strictly limit the amount of money that state spending could increase each year; 33 percent consider this a bad idea. In the 13 times this question has been asked since 2003, majorities have said a spending limit is a good idea; however, the percentage expressing this view has declined 13 points since last May (from 72% to 59%). Majorities across parties say a spending limit is a good idea and 62 percent of likely voters agree. Among those who prefer smaller government, 68 percent think it is a good idea to strictly limit spending increases. And among those who say the state could spend less, 66 percent say a spending limit is a good idea.

“Fiscal reforms have been proposed to address the structural issues in the state budget. Do you think it is a good idea or a bad idea to strictly limit the amount of money that state spending could increase each year?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Good Idea	59%	53%	72%	62%	62%
Bad idea	33	40	20	34	30
Don't know	8	7	8	4	7

RAISING REVENUES FOR SPECIFIC BUDGET AREAS

When asked if they would pay higher taxes to maintain funding levels for the state's four largest areas of spending, a strong majority say they would do so for K-12 public education (72%) and smaller majorities would do so for health and human services (57%) and higher education (57%). By contrast, just 13 percent would do so for prisons and corrections (85% would not). Findings were fairly similar last May.

**“What If the state said It needed more money just to maintain current funding for...?
Would you be willing to pay higher taxes for this purpose, or not?”**

All adults	K-12 public education	Health and human services	Higher education	Prisons and corrections
Yes	72%	57%	57%	13%
No	27	42	42	85
Don't know	1	2	1	1

Seven in 10 adults (72%) and 62 percent of likely voters would pay higher taxes to maintain funding for K-12 education. Governor Brown has proposed to ask voters to do just that through a November ballot initiative. Strong majorities of Democrats (82%) and independents (60%) say they would pay higher taxes for this purpose, while a majority of Republicans would not (46% yes, 53% no). At least six in 10 Californians across regions and demographic groups would pay higher taxes for K-12 education.

Fifty-seven percent of adults and 49 percent of likely voters would pay higher taxes to maintain funding for health and human services, but there are large differences across parties: 73 percent of Democrats would pay higher taxes for this purpose, while most Republicans (22% yes, 77% no) and independents (46% yes, 53% no) would not. Support drops as income rises.

Nearly six in 10 Californians (57%) would pay higher taxes to maintain funding for higher education. Likely voters are more opposed (46% yes, 53% no). A strong majority of Democrats (69%) would pay higher taxes to benefit higher education, while majorities of Republicans (26% yes, 73% no) and independents (41% yes, 56% no) would not. At least half across regions would pay higher taxes to maintain funding for higher education. Support declines with rising age and income levels.

When it comes to maintaining funding for prisons, less than 20 percent of adults, likely voters, voters across parties, and Californians across regions and demographic groups would pay higher taxes.

Percent willing to pay higher taxes		K-12 public education	Health and human services	Higher education	Prisons and corrections
All Adults		72%	57%	57%	13%
Likely Voters		62	49	46	12
Party	Democrats	82	73	69	11
	Republicans	46	22	26	11
	Independents	60	46	41	12
Region	Central Valley	73	52	57	13
	San Francisco Bay Area	70	59	52	15
	Los Angeles	72	61	61	15
	Other Southern California	70	52	55	11
Household Income	Under \$40,000	78	67	65	14
	\$40,000 to under \$80,000	69	56	54	12
	\$80,000 or more	68	47	49	12

RAISING REVENUES

The survey included five questions about specific taxes that could be increased to help reduce the state's large budget deficit. In addition to the two tax increases that are part of Governor Brown's tax initiative— income taxes on the wealthy and the state sales tax—three tax increases have been proposed by others—extending the sales tax, raising corporate taxes, and the split-roll property tax.

Proposition 13 in 1978 strictly limited residential and commercial property taxes. When it comes to taxing commercial properties according to their current market value—a split roll property tax—most Californians and likely voters (60% each) are in favor. In response to a similar question, majorities of Californians have said taxing commercial properties at their current market value is a good idea (52% February 2003, 57% June 2003, 60% January 2004, 59% May 2004, 58% September 2009). Most Democrats (68%) and independents (58%) favor taxing commercial properties according to current market value, while Republicans are divided (46% favor, 47% oppose).

“Under Proposition 13, residential and commercial property taxes are both strictly limited. What do you think about having commercial properties taxed according to their current market value? Do you favor or oppose this proposal?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	60%	68%	46%	58%	60%
Oppose	33	24	47	37	34
Don't know	7	8	7	4	5

Nearly seven in 10 Californians (68%) and six in 10 likely voters (61%) favor raising the taxes paid by California corporations. This marks a record-high level of support among Californians since this question was first asked in May 2005 (60% May 2005, 59% May 2007, 63% May 2008, 60% January 2009, 58% May 2010, 44% September 2010, 60% January 2011, 68% today). An overwhelming majority of Democrats (82%) and 63 percent of independents favor increasing taxes on corporations, while a majority of Republicans are opposed (42% favor, 56% oppose).

Another idea that some people have proposed to raise revenues is extending the state sales tax to services that are not currently taxed. Most Californians and likely voters (54% each) oppose this idea. Findings among adults were identical last May and majorities have opposed this idea since May 2005 (63% May 2005, 65% May 2007, 62% January 2008, 59% May 2008, 58% May 2010, 54% May 2011, 54% today). Seven in 10 Republicans (70%) and most independents (55%) oppose extending the sales tax to services, while Democrats are somewhat more likely to favor than oppose the idea (51% to 43%). At least half of Californians across regions and most demographic groups oppose extending the sales tax to services, with the exception of Asians (45% favor, 47% oppose), college graduates (46% favor, 45% oppose), and those with annual household incomes of \$80,000 or more (46% favor, 48% oppose).

“Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal. How about extending the state sales tax to services that are not currently taxed?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	39%	51%	24%	39%	39%
Oppose	54	43	70	55	54
Don't know	6	7	6	6	7

RAISING REVENUES (CONTINUED)

When it comes to the two types of taxes that will be part of Governor Brown's tax initiative, Californians strongly oppose raising the state sales tax (29% favor, 69% oppose) but strongly support raising the top rate of the state income tax paid by the wealthiest Californians (74% favor, 24% oppose).

Since January 2004, at least six in 10 Californians have opposed the idea of raising the state sales tax to reduce the state's deficit (60% January 2004, 64% January 2005, 71% May 2005, 64% January 2008, 61% May 2008, 69% January 2011, 73% May 2011, 69% today).

Nearly two in three likely voters oppose raising the state sales tax (35% favor, 64% oppose). Majorities across parties oppose this idea, although Democrats (54%) are less likely than independents (71%) or Republicans (74%) to express opposition. More than six in 10 across regions and demographic groups oppose raising the state sales tax. Latinos (74%) and Asians (73%) are more likely than whites (64%) to express opposition; opposition declines somewhat with rising age, education, and income. Among those who prefer to close the state deficit mostly through spending cuts, the vast majority (82%) oppose raising the sales tax for this purpose. But there is also majority opposition (61%) to raising the sales tax among those who prefer closing the deficit through a mix of spending cuts and tax increases.

"How about raising the state sales tax on all purchases?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	29%	44%	25%	28%	35%
Oppose	69	54	74	71	64
Don't know	2	2	-	1	1

The most popular idea for raising revenues is increasing the top rate of the state income tax paid by the wealthiest Californians: 74 percent favor this idea, while 24 percent oppose it. At least 65 percent of Californians have favored this idea since we first asked this question in January 2004 and support is at a record high today (71% January 2004, 69% January 2005, 68% May 2005, 65% January 2006, 73% January 2008, 69% May 2008, 72% January 2009, 67% May 2010, 74% today).

Sixty-eight percent of likely voters favor—and 31 percent oppose—raising the top rate of the state income tax paid by the wealthiest Californians. Across parties, strong majorities of Democrats (85%) and independents (71%) favor this idea, while Republicans are slightly more likely to be opposed (46% favor, 52% oppose). Across regions and demographic groups, more than two in three express support for raising taxes on the wealthy, including at least seven in 10 across all income groups (79% under \$40,000, 76% \$40,000–\$80,000, 71% \$80,000 or more).

"How about raising the top rate of the state income tax paid by the wealthiest Californians?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	74%	85%	46%	71%	68%
Oppose	24	13	52	28	31
Don't know	2	2	2	1	2

GOVERNOR'S BUDGET PROPOSAL

Governor Brown has released his budget plan for closing a multibillion-dollar state budget deficit. The proposed 2012–13 plan includes spending cuts to health and social service programs and a tax increase that would go to the voters on the November 2012 ballot through the citizens' initiative process. (Last year, the governor was unsuccessful in his efforts to achieve, through the legislative process, a two-thirds vote for a tax increase to go to the voters on a 2011 special election ballot.) When read a brief summary of the proposed budget plan, 50 percent of adults are in favor and likely voters are divided (48% favor, 46% oppose) on the governor's budget plan. While 61 percent of Democrats favor the plan, 58 percent of Republicans oppose it, and independents are divided (42% favor, 48% oppose). About half across regions support the governor's budget plan. Support is higher among college-educated residents, and although support rises as income rises, it declines with age.

"Governor Brown proposed a budget plan for the current and next fiscal year to close the state's projected \$9.2 billion budget deficit. It includes spending cuts to welfare, child care, Medi-Cal, and other social service programs, and increases funding for K-12 public education. The proposal includes tax increases that would have to be approved by voters through an initiative on the November ballot. In general, do you favor or oppose the governor's budget plan?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	50%	61%	37%	42%	48%
Oppose	43	33	58	48	46
Haven't heard anything about the budget (vol)	1	2	1	2	1
Don't know	6	4	4	9	5

After this question, we asked a series of questions to gauge current levels of support and opposition to three of the proposal's key features. One element of the governor's budget plan to reduce the multibillion-dollar budget gap is spending cuts in welfare, child care, Medi-Cal programs, and a variety of other social service programs. Unlike overall views of the governor's budget plan, this specific proposal receives more negative reviews. Thirty-nine percent of adults are in favor of these spending cuts and 58 percent oppose them. Likely voters are more divided (44% favor, 51% oppose) than adults. Sixty-three percent of Democrats oppose these spending cuts, 57 percent of Republicans favor them, and independents are divided (47% favor, 48% oppose). Majorities across regions, age groups, and education levels oppose these cuts. There is more support for these specific spending cuts among higher-income residents than among lower-income residents. Whites (45%) and Asians (40%) are somewhat more likely than Latinos (33%) to say they favor these proposed spending cuts. Residents who favor the governor's overall budget plan are divided about these spending cuts (51% favor, 46% oppose). Those who oppose the governor's overall budget plan are strongly opposed to these cuts (26% favor, 70% oppose).

"Do you favor or oppose Governor Brown's proposed spending cuts to welfare, child care, Medi-Cal, and other social service programs?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	39%	34%	57%	47%	44%
Oppose	58	63	37	48	51
Don't know	4	3	6	5	5

GOVERNOR'S BUDGET PROPOSAL (CONTINUED)

Another key element of the governor's budget plan is a proposed tax initiative that would increase the state personal income tax on wealthy Californians and increase the state sales tax, with the new revenues going to K-12 public schools. When read our brief summary of the proposal, 72 percent of adults and 68 percent of likely voters say they favor this proposed tax initiative. (Survey interviews were completed prior to the Attorney General's release of the official title and summary of the proposed initiative.) Eighty-five percent of Democrats and 65 percent of independents favor the tax increase, and Republicans are slightly more likely to favor (53%) than oppose (46%) it.

Positive responses to this tax initiative are in line with responses we received to a similar question in our December 2011 survey (65% of all adults and 60% of likely voters in favor).

More than two in three across regions and racial/ethnic groups support the tax initiative. Strong majorities across income, education, and age groups support the tax initiative, although support is lower among older residents. The tax increase is favored among adults who approve of Brown's job performance (86%) and his budget plan (85%) while support is lower among adults who disapprove of Brown (54% favor, 45% oppose) and oppose his budget plan (56% favor, 41% oppose).

"Governor Brown's proposed tax Initiative on the November ballot Includes a temporary four-year half-cent increase in the state sales tax and a temporary five-year increase in the state personal income tax on those earning more than \$250,000 annually. The Initiative would raise about \$5 to \$7 billion annually with the new revenues going to K-12 public schools. Do you favor or oppose the proposed tax Initiative?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	72%	85%	53%	65%	68%
Oppose	26	13	46	32	31
Don't know	2	2	1	3	2

Governor Brown has said that there will be automatic spending cuts to K-12 public schools if his tax initiative is rejected by voters in November. Seventy-nine percent of adults and 75 percent of likely voters say they oppose the automatic spending cuts to K-12 public schools. Strong majorities of Democrats, Republicans, and independents say they are opposed to these spending cuts to K-12 public schools.

More than three in four adults across the state's regions and strong majorities in all age, education, income, and racial/ethnic groups are currently opposed to the automatic spending cuts to K-12 public schools. Among those who favor the governor's budget plan, 83 percent are opposed to the K-12 spending cuts, and among those adults who are in favor of the spending cuts for health and human service programs in the governor's budget plan, 70 percent oppose these K-12 public school spending cuts. For those adults who favor the governor's tax initiative, 84 percent oppose the automatic spending cuts to K-12 public schools.

"If voters reject the proposed tax initiative on the November ballot, Governor Brown has said that automatic spending cuts will be made to K-12 public schools. Do you favor or oppose these automatic spending cuts to K-12 public schools?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Favor	20%	15%	31%	31%	24%
Oppose	79	83	67	67	75
Don't know	2	2	2	2	2

STATE AND LOCAL REALIGNMENT

A year ago Governor Brown introduced state and local realignment as part of his budget plan. Today, two in three Californians and likely voters (66% each) favor a shift of some tax dollars and fees from the state government to local governments in order for local governments to take on the responsibility of running certain programs currently run by the state. Solid majorities of Californians have expressed support throughout the past year (71% January, 61% September, 69% December, 66% today). Today, solid majorities across parties (64% Democrats, 69% Republicans, 71% independents) and regions favor the idea of realignment. Asians (87%) are far more likely than whites (66%) or Latinos (61%) to be in favor.

Californians also remain confident in local government’s ability to take on the responsibility associated with realignment. Six in 10 Californians (10% very, 49% somewhat) and likely voters (13% very, 47% somewhat) are confident that local government would be able to take on these responsibilities. Confidence has been similar each time we asked this question over the past year (63% January, 59% September, 63% December, 59% today). Today, majorities across parties (64% Republicans, 63% independents, 58% Democrats) are at least somewhat confident, as are majorities across regions. Confidence is higher among Asians (70%) than among whites (60%) or Latinos (55%) and three times higher among those who favor (74%) rather than oppose (25%) realignment in general.

“If the state were to shift some tax dollars and fees to local governments, how confident are you that local governments would be able to take on the responsibilities of running certain programs currently run by the state? Are you very confident, somewhat confident, not too confident, or not at all confident?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Very confident	10%	5%	11%	10%	10%	13%
Somewhat confident	49	50	51	46	51	47
Not too confident	23	23	28	23	18	21
Not at all confident	16	19	8	18	19	16
Don't know	2	2	2	3	2	2

When it comes to the shift of some lower-risk inmates from state prisons to county jails, half of Californians (12% very, 38% somewhat) and likely voters (11% very, 38% somewhat) express confidence in their local government’s ability to handle this shift. Confidence was similar last September and December. About half across parties are confident (51% Democrats, 50% independents, 48% Republicans). Confidence is highest in the San Francisco Bay Area (56%) followed by the Other Southern California region (48%), Los Angeles (46%), and the Central Valley (41%). Confidence is much higher among those who favor (55%) than oppose (38%) realignment in general.

“As you may know, state funding is being provided to shift some of the lower-risk inmates from state prisons to county jails to reduce prison overcrowding and lower state costs. How confident are you that your local government is able to take on this responsibility? Are you very confident, somewhat confident, not too confident, or not at all confident?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Very confident	12%	10%	15%	12%	9%	11%
Somewhat confident	38	31	41	34	39	38
Not too confident	26	23	30	28	26	24
Not at all confident	22	33	11	22	22	24
Don't know	3	2	3	3	3	3

STATE AND LOCAL TAX SYSTEM

With the governor set to put his tax plan on the November ballot, how do Californians view the present state and local tax system? Majorities of Californians (7% very, 50% moderately) and likely voters (4% very, 49% moderately) view the system as fair while fewer view it as not too or not at all fair (41% adults, 45% likely voters). Views among adults that the tax system is fair were similar last January (57%) and in January 2010 (53%), while more adults viewed the system as fair in June 2003 (66%). Today, Democrats (62%) are more likely than independents (53%) or Republicans (50%) to say the tax system is fair. Majorities across regions view the system as at least moderately fair (61% Central Valley, 58% Other Southern California region, 55% Los Angeles, 53% San Francisco Bay Area). Asians (66%) and Latinos (61%) are more likely than whites (53%) to say the system is at least moderately fair. At least half across age and education groups say the system is fair. Across income groups, perceptions that the tax system is fair are similar (57% under \$40,000, 58% \$40,000–\$80,000, 55% \$80,000 or more). Among those who say they pay about the right amount in state and local taxes, 73 percent say the system is fair; among those who say they pay much more than they should, 31 percent say the system is fair.

“Overall, how fair do you think our present state and local tax system is— would you say it is very fair, moderately fair, not too fair, or not at all fair?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Very fair	7%	7%	5%	2%	4%
Moderately fair	50	55	45	51	49
Not too fair	27	27	28	27	29
Not at all fair	14	11	21	17	16
Don't know	3	1	2	2	1

While nearly six in 10 Californians view the state and local tax system as fair, 46 percent say they pay much more (21%) or somewhat more (25%) than they should; 47 percent think they pay about the right amount and 6 percent say they pay less than they should. Opinions of likely voters are similar. More adults last January (26% much more, 27% somewhat more, 39% about the right amount) and in January 2010 (31% much more, 25% somewhat more, 35% about the right amount) said they paid more than they should, while fewer thought they paid about the right amount. Republicans (62%) and independents (51%) are much more likely than Democrats (35%) to say that they pay more than they should. Those with incomes of \$40,000 or more are somewhat more likely than those with lower incomes to think they pay more than they should. Among those who say the tax system is fair, 32 percent say they pay more than they should. Among those who say the tax system is not fair, 64 percent hold this view.

“When you combine all of the taxes you pay to state and local governments, do you feel that you pay much more than you should, somewhat more than you should, about the right amount, or less than you should?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Much more	21%	13%	30%	21%	20%
Somewhat more	25	22	32	30	27
About the right amount	47	55	32	43	44
Less	6	10	5	5	8
Don't know	2	1	-	1	1

KNOWLEDGE OF THE STATE BUDGET SITUATION

Governor Brown proposes to ask California voters to make major tax and spending decisions at the ballot box, but how many Californians view themselves as very knowledgeable on this subject? Sixteen percent of adults and 22 percent of likely voters say they know a lot about how the state and their local governments spend and raise money, while a plurality say they know some about this topic. Over time, the percentage of Californians who claim to know “a lot” or “some” has not increased since the 2003 budget crisis. Republicans and independents are slightly more likely than Democrats to say they know a lot about state and local spending and revenues.

“In general, how much would you say you know about how your state and local governments spend and raise money—a lot, some, very little, or nothing?”

	All Adults	Education			Likely Voters
		High school or less	Some college	College graduate	
A lot	16%	14%	16%	20%	22%
Some	38	34	44	39	47
Very little	35	39	31	33	27
Nothing	9	11	7	7	4
Don't know	2	1	2	1	1

Governor Brown also proposes to ask voters to raise taxes for K–12 public education, or else trigger spending cuts in this area. Fewer than one in four adults (16%) and likely voters (22%) are aware that K–12 education is the largest area of state spending. Residents 55 years or older and those earning \$80,000 or more are more likely than others to correctly name K–12 education. The percentage naming K–12 education was higher in May 2007 (30%) and May 2005 (29%). Among those who say they know a lot or some about fiscal issues, 18 percent correctly name K–12 education as the top spending area.

“I’m going to name some of the largest areas for state spending. Please tell me the one that represents the most spending in the state budget: K–12 public education, higher education, health and human services, prisons and corrections.”

	All Adults	Age			Likely Voters
		18–34	35–54	55 and older	
K–12 public education	16%	10%	15%	23%	22%
Higher education	5	7	3	7	4
Health and human services	27	30	28	21	28
Prisons and corrections	47	50	49	40	40
Don't know	5	2	5	9	5

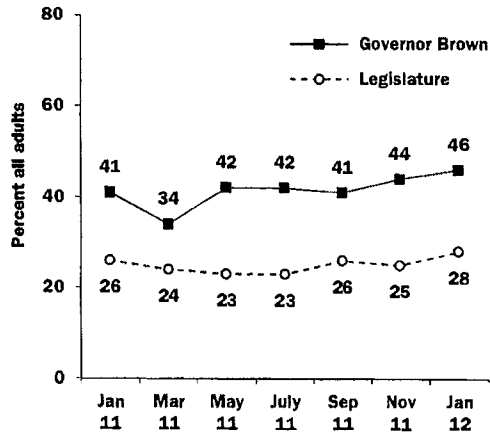
The proposed tax initiative on the November ballot would raise the state’s personal income tax on the wealthiest Californians and also raise the state sales tax. How many Californians are aware of the relative value of the state’s revenue sources? Three in 10 adults (29%) and 35 percent of likely voters correctly name the personal income tax as the largest state revenue source, but majorities in both groups incorrectly name the sales tax, corporate taxes, or motor vehicle fees. The level of fiscal knowledge has not increased over time and it is the older, more educated, and higher-income residents that are the most likely to know one of the basic facts about the state’s revenue sources. Among those who say they know a lot or some about fiscal issues, 31 percent correctly name personal income tax. Among Californians, just 7 percent can correctly name both K–12 education and personal income tax as the top spending and revenue areas. Among likely voters, just 11 percent identify the correct areas.

STATE AND NATIONAL POLITICAL CONTEXT

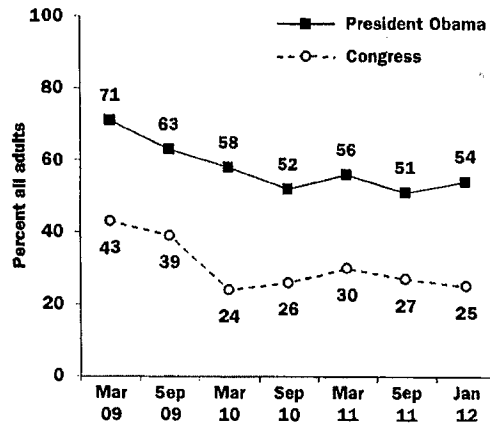
KEY FINDINGS

- Residents begin the year in a pessimistic mood, with majorities saying the state is heading in the wrong direction, and believing that California is currently in a serious or moderate recession. Californians name jobs and the economy (38%), the state budget (18%), or education (16%) as the most important issue for the governor and the legislature to work on. (page 18)
- Approval of Governor Brown's job performance is at a record high of 46 percent, while the state legislature receives low approval ratings. Thirty-six percent of Californians approve of their own legislators in the assembly and senate. (page 19)
- Californians are divided regarding the ability of Governor Brown and the state legislature to work together this year. Six in 10 say President Obama and the U.S. Congress will not be able to work together. (page 20)
- Approval of President Obama is at 54 percent, while the U.S. Congress receives low approval ratings. Californians are more likely to approve than disapprove of their own representative to the U.S. Congress, and of Senators Feinstein and Boxer. (pages 21, 22)
- Just over half of likely voters are satisfied with their choices of candidates in the 2012 presidential election. More than eight in 10 say they are following news about the election either very or fairly closely. Mitt Romney leads Newt Gingrich, Rick Santorum, and Ron Paul in the Republican presidential primary. (page 23)

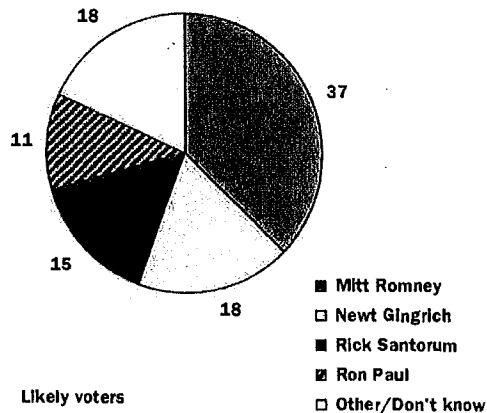
Approval Ratings of State Elected Officials



Approval Ratings of Federal Elected Officials



2012 Republican Presidential Primary



OVERALL MOOD IN THE STATE

Californians name jobs and the economy (38%) as the most important issue for the governor and legislature to work on in 2012. Eighteen percent mention the state budget and 16 percent name education and schools as the top issue. Mention of jobs and the economy today is similar to January 2011 (34%), January 2010 (35%), and January 2009 (42%), but is higher than January 2008 (19%).

Across political parties, regions, and demographic groups, most name jobs and the economy as the state's top issue. Likely voters (25%) are more likely to mention the state budget as the top issue than all adults are (18%). Republicans (34%) are more likely than independents (22%), and much more likely than Democrats (17%) to mention the state budget. Democrats (24%) are more likely than independents (14%) and much more likely than Republicans (5%) to mention education and schools.

"Which one issue facing California today do you think is the most important for the governor and state legislature to work on in 2012?"

Top four issues mentioned	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Jobs, economy	38%	36%	36%	39%	37%
State budget, deficit, taxes	18	17	34	22	25
Education, schools	16	24	5	14	17
Immigration, illegal immigration	7	3	9	4	6

What about the economy? Today, 43 percent of Californians believe that the state is in a serious recession, 34 percent say it is in a moderate recession, 9 percent a mild one, and 13 percent say the state is not in a recession. The share believing that the state is in a serious recession is similar to last January's share (48%). Residents continue to have a negative economic outlook for the year, with 56 percent saying the state will face bad times financially; just 35 percent expect good times. Pessimism levels are similar to those in January 2011 (56%), but are lower than in January 2010 (67%), January 2009 (77%), and January 2008 (72%). Republicans (76%) are much more likely than independents (60%) and far more likely than Democrats (51%) to say the state will have bad times financially.

Nearly six in 10 Californians (57%) also say that things in California are generally going in the wrong direction. In January 2011, the share saying "wrong direction" was similar (54%) and at least half have said this since September 2007. Likely voters are more likely to express pessimism (66%). Democrats are slightly more likely to say the state is going in the right direction (51%) than in the wrong direction (43%). Most Republicans (80%) and independents (68%) say the state is going in the wrong direction. Pessimism is lowest in the San Francisco Bay Area (50%) and higher in Los Angeles (58%), the Central Valley (61%), and the Other Southern California region (63%).

"Do you think things in California are generally going in the right direction or the wrong direction?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Right direction	37%	51%	14%	29%	29%
Wrong direction	57	43	80	68	66
Don't know	6	6	6	4	5

APPROVAL RATINGS OF STATE ELECTED OFFICIALS

Today, a record-high 46 percent of adults approve of Governor Brown's job performance; 31 percent disapprove and 23 percent are unsure. When Brown took office last January, 41 percent approved, and except for lows in February and March (34% each), his approval ratings have remained close to 42 percent. The share unsure of his job performance is at its lowest this month (23%). In 2011, more than one in four were unsure of how Brown was handling his job as governor of California. Among likely voters today, 44 percent approve and 38 percent disapprove. A solid majority of Democrats (63%) approve of the governor while 54 percent of Republicans disapprove. Independents are as likely to approve (35%) as they are to disapprove (34%) or be unsure (31%) of Brown's performance.

Approval ratings of the California Legislature continue to be much lower than those of the governor, with 28 percent saying they approve and 56 percent saying they disapprove. These findings are similar to last January's (26% approve, 55% disapprove). Although approval today is at its highest point since March 2008 (30%), more than half have disapproved of the legislature since January 2008. Likely voters (71%) are much more likely than others to disapprove of the legislature. Across parties, 75 percent of Republicans, 66 percent of independents, and 57 percent of Democrats disapprove of the legislature. Among racial/ethnic groups, whites (67%) are much more likely than Asians (53%) and far more likely than Latinos (39%) to disapprove of the legislature.

"Overall, do you approve or disapprove of the way that..."

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...Jerry Brown is handling his job as governor of California?</i>	Approve	46%	63%	22%	35%	44%
	Disapprove	31	20	54	34	38
	Don't know	23	17	24	31	17
<i>...the California Legislature is handling its job?</i>	Approve	28	27	12	18	17
	Disapprove	56	57	75	66	71
	Don't know	16	16	12	16	12

Californians' approval of their individual state legislators is higher than their approval of the legislature overall, with 36 percent approving and 47 percent disapproving of their own legislators' performance. Approval of individual state legislators is similar to last September (35%) and March (36%). Likely voters are slightly more disapproving (55%) than all adults (47%). Across parties, Democrats (41%) are much more likely than independents (25%) and Republicans (22%) to approve of their own legislators. Among racial/ethnic groups, Latinos (46%) are much more likely to express approval than whites (31%) and Asians (30%). Fewer than four in 10 across regions express approval (31% Los Angeles, 35% Central Valley, 37% San Francisco Bay Area, 39% Other Southern California region).

"Overall, do you approve or disapprove of the way that the state legislators representing your assembly and senate districts are doing at this time?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Approve	36%	41%	22%	25%	32%
Disapprove	47	42	65	56	55
Don't know	17	17	13	20	14

PROSPECTS FOR WORKING TOGETHER

Partisan differences and policy conflicts emerged at both the state and federal level last year. How do Californians view the chances of elected officials working together in the coming year?

At the state level, Californians are divided, with 44 percent saying Governor Brown and the state legislature will be able to work together and accomplish a lot in the next year, and 47 percent saying they will not be able to do so. Last January, residents were more optimistic, with 58 percent saying the new governor and the legislature would be able to work together.

Today, likely voters are less optimistic than all adults, with nearly six in 10 (59%) saying that the governor and legislature will not be able to work together, and 32 percent saying that they will. Democrats are more likely to say the governor and legislature will be able to work together (51%) than not (39%). Most Republicans and independents say the governor and the legislature will not be able to work together, but Republicans (70%) are much more likely to say this than independents (56%). Among racial/ethnic groups, Asians are divided (48% work together, 47% not), Latinos are optimistic (65% work together), and whites are pessimistic (61% not).

“Do you think that Governor Brown and the state legislature will be able to work together and accomplish a lot in the next year, or not?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Yes, will be able to work together	44%	51%	25%	29%	32%
No, will not be able to work together	47	39	70	56	59
Don't know	9	10	5	15	8

Californians are less optimistic about working relations at the federal level. Sixty-two percent say President Obama and the U.S. Congress will not be able to work together, while 35 percent say that they will be able to work together and accomplish a lot in the next year. This view has changed from January 2010, when 56 percent said they would be able to work together and 38 percent said they would not. In January 2009, when President Obama first took office and Democrats controlled the U.S. Congress, 81 percent said that President Obama and the U.S. Congress would be able to work together.

Likely voters are even more pessimistic than all adults about the chances of federal elected officials being able to cooperate in the next year (77% not work together, 19% work together). Across parties, Republicans (84%) and independents (72%) are more likely than Democrats (58%) to think that President Obama and the U.S. Congress will not be able to work together. Pessimism about these relationships rises as age, education, and income increase. Latinos are more likely to say that they will be able to work together (53%) than not (42%), while whites (78%) and Asians (64%) think that the president and the U.S. Congress will not be able to work together.

“Do you think that President Obama and the U.S. Congress will be able to work together and accomplish a lot in the next year, or not?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Yes, will be able to work together	35%	37%	13%	26%	19%
No, will not be able to work together	62	58	84	72	77
Don't know	3	4	4	2	4

APPROVAL RATINGS OF FEDERAL ELECTED OFFICIALS

At the beginning of a presidential election year, Barack Obama has the approval of 54 percent of Californians, while 42 percent disapprove. In February 2009, just after Obama took office, 70 percent expressed approval. The share approving of his performance declined to 61 percent by December 2009 and reached a low of 51 percent in September 2011. Today, Obama's approval ratings are the same as George W. Bush's in January 2004 (54%), at the start of the last presidential election year.

Partisan differences exist between Democrats (81% approve) and Republicans (83% disapprove). Independents are divided (44% approve, 48% disapprove), as are likely voters (49% each saying approve and disapprove). Adults nationwide are divided about President Obama's job performance (47% approve, 45% disapprove), according to a recent CBS News/*New York Times* poll.

One in four Californians (25%) approve of the U.S. Congress, while nearly seven in 10 (69%) disapprove. Approval of Congress declined to a record low in December 2011 (20%). In January 2010, at the beginning of the midterm election year, 36 percent approved of Congress. Across parties today, overwhelming majorities disapprove of Congress. Likely voters are even more disapproving (82%). In a recent CBS News/*New York Times* poll, 79 percent adults nationwide disapprove of Congress, and 13 percent approve.

"Overall, do you approve or disapprove of the way that..."

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>...Barack Obama is handling his job as president of the United States?</i>	Approve	54%	81%	16%	44%	49%
	Disapprove	42	16	83	48	49
	Don't know	4	3	1	7	2
<i>...the U.S. Congress is handling its job?</i>	Approve	25	25	15	21	14
	Disapprove	69	73	77	75	82
	Don't know	5	3	8	4	4

Californians are more likely to approve (46%) than disapprove (39%) of their member of the U.S House of Representatives, while 15 percent are unsure. These approval ratings were similar last year (48% September, 50% March). Republicans and independents are more likely to disapprove, while Democrats are more likely to approve. Less than half across regions approve (47% Los Angeles, 45% San Francisco Bay Area, 44% Central Valley, 44% Other Southern California).

"Overall, do you approve or disapprove of the way your own representative to the U.S. House of Representatives in Congress is handling his or her job?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Approve	46%	58%	37%	37%	47%
Disapprove	39	30	50	47	41
Don't know	15	12	14	15	12

APPROVAL RATINGS OF FEDERAL ELECTED OFFICIALS (CONTINUED)

Senator Dianne Feinstein is running for reelection this year. Forty-seven percent of all adults approve of her job performance, 35 percent disapprove, and 18 percent are unsure. Among likely voters, 47 percent approve, 42 percent disapprove, and 11 percent are unsure. Approval among all adults today is similar to September (46%) and March 2011 (48%), and similar to March 2006 (51%), prior to her last reelection.

Partisan differences are apparent, with 71 percent of Democrats approving of her job performance, and 66 percent of Republicans disapproving. Independents are more likely to disapprove (43%) than approve (36%), with one in five (21%) unsure of how to rate her job performance. Nearly six in 10 residents in the San Francisco Bay Area (58%) approve of her performance, compared to more than four in 10 and fewer than half in the state's other major regions (47% Central Valley, 46% Los Angeles, 41% Other Southern California region). Approval is higher among Asians (56%) and Latinos (51%) than among whites (42%). Among Californians who approve of President Obama, 67 percent also approve of Senator Feinstein. Among those who approve of Senator Boxer, 82 percent approve of Senator Feinstein.

"Overall, do you approve or disapprove of the way that Dianne Feinstein is handling her job as U.S. senator?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Approve	47%	71%	21%	36%	47%
Disapprove	35	17	66	43	42
Don't know	18	12	13	21	11

Forty-six percent of adults approve of U.S. Senator Barbara Boxer, while 38 percent disapprove and 17 percent are unsure. Likely voters are divided in their ratings of Senator Boxer (45% approve, 45% disapprove, 10% unsure). Approval is similar to September (49%) and March 2011 (45%).

Today, partisans differ greatly in their views of Senator Boxer, with seven in 10 Democrats (72%) approving and seven in 10 Republicans (72%) disapproving. Independents are more likely to disapprove (43%) than approve (34%), while 23 percent are unsure. Regional differences also exist, with residents in the San Francisco Bay Area (54%) most likely to approve, followed by residents in Los Angeles (45%), the Other Southern California region (42%), and the Central Valley (40%). Approval is higher among Latinos (54%) and Asians (51%) than among whites (39%). Among Californians who approve of President Obama, 66 percent also approve of Senator Boxer. Among those who approve of Senator Feinstein, 80 percent approve of Senator Boxer.

"Overall, do you approve or disapprove of the way that Barbara Boxer is handling her job as U.S. senator?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Approve	46%	72%	15%	34%	45%
Disapprove	38	18	72	43	45
Don't know	17	10	13	23	10

2012 PRESIDENTIAL ELECTION

After months of debates, the Republican primary season began in early January. With strong finishes in Iowa on January 3 and New Hampshire January 10, Mitt Romney (37%) holds the lead among Republican primary likely voters in California, followed by Newt Gingrich (18%), Rick Santorum (15%), and Ron Paul (11%). Seventeen percent are undecided. (Interviews were conducted before the South Carolina primary.) In our December survey, Newt Gingrich led Mitt Romney (33% to 25%) among likely voters.

Just over half of likely voters (53%) are satisfied with their choices of candidates in the election for president this year, while four in 10 (42%) are not satisfied. In December, 49 percent were satisfied and 45 percent were not satisfied. Two in three Democrats (67%) are satisfied, while half of Republicans (52%) and independents (51%) are not satisfied. While today's findings among Republicans are similar to those in December (47% satisfied, 47% not satisfied), satisfaction among Democrats has increased 10 points since December (57%). Independents were slightly more likely to be dissatisfied in December (58%) than they are today (51%). Similar majorities of men and women are satisfied with their choices of candidates in the 2012 presidential election, although men more often express dissatisfaction.

"In general, would you say you are satisfied or not satisfied with your choices of candidates in the election for U.S. president in 2012?"

<i>Likely voters only</i>	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
Satisfied	53%	67%	44%	39%	51%	54%
Not satisfied	42	28	52	51	45	38
Don't know	6	5	5	11	4	8

Eighty-five percent of likely voters are following news about the 2012 presidential election very (36%) or fairly (49%) closely, while 16 percent report following news not too (13%) or not at all closely (3%). In December a similar 82 percent were closely following election news (40% very closely, 42% fairly closely). In September 2007, about five months before the state's February 2008 primary election, overall attention to the news was similar among likely voters, but the percentage paying very close attention is higher today (36% to 29% in 2007).

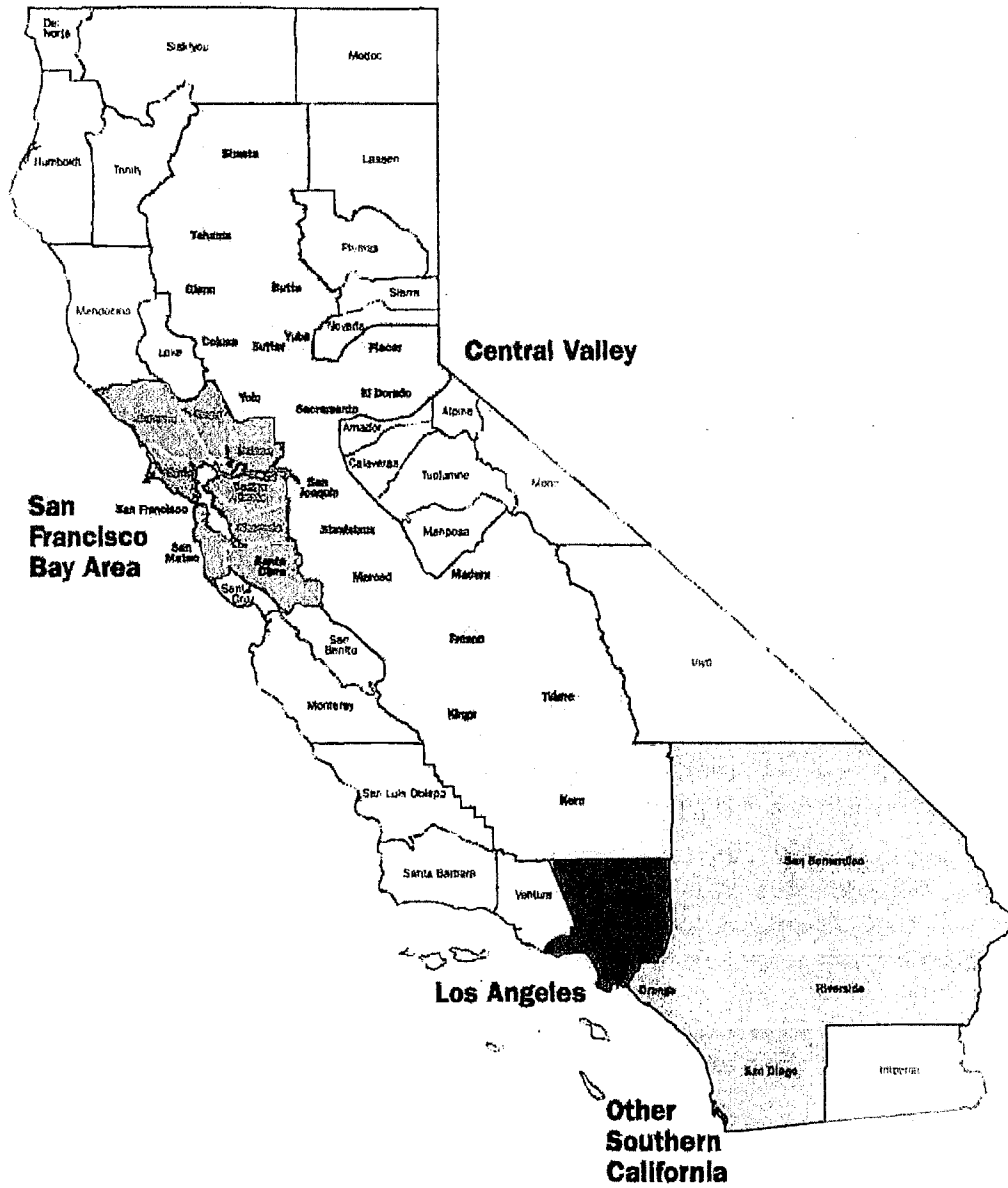
Today, eight in 10 or more likely voters across parties are following campaign news at least fairly closely, although Republicans (40%) are slightly more likely than Democrats (34%) or independents (32%) to say they are following it very closely. Men (43%) are much more likely than women (29%) to report following the news very closely, as are likely voters 55 and older (43%) compared to younger likely voters (30%).

"How closely are you following news about candidates for the 2012 presidential election—very closely, fairly closely, not too closely, or not at all closely?"

<i>Likely voters only</i>	All Likely Voters	Party			Gender	
		Dem	Rep	Ind	Men	Women
Very closely	36%	34%	40%	32%	43%	29%
Fairly closely	49	47	48	53	47	50
Not too closely	13	15	11	11	7	17
Not at all closely	3	4	—	4	2	3

REGIONAL MAP

Map of California showing regional divisions: Central Valley, San Francisco Bay Area, Los Angeles, and Other Southern California.



METHODOLOGY

The PPIC Statewide Survey is directed by Mark Baldassare, president and CEO and survey director at the Public Policy Institute of California, with assistance from Sonja Petek and Jui Shrestha, co-project managers for this survey, and survey research associate Dean Bonner. The *Californians and Their Government* series is supported with funding from The James Irvine Foundation. We benefit from discussions with PPIC staff, foundation staff, and other policy experts, but the methods, questions, and content of this report were determined solely by Mark Baldassare and the survey team.

Findings in this report are based on a survey of 2,002 California adult residents, including 1,602 interviewed on landline telephones and 400 interviewed on cell phones. Interviews took an average of 20 minutes to complete. Interviewing took place on weekday nights and weekend days from January 10 to 17, 2012.

Landline interviews were conducted using a computer-generated random sample of telephone numbers that ensured that both listed and unlisted numbers were called. All landline telephone exchanges in California were eligible for selection and the sample telephone numbers were called as many as six times to increase the likelihood of reaching eligible households. Once a household was reached, an adult respondent (age 18 or older) was randomly chosen for interviewing using the "last birthday method" to avoid biases in age and gender.

Cell phones were included in this survey to account for the growing number of Californians who use them. These interviews were conducted using a computer-generated random sample of cell phone numbers. All cell phone numbers with California area codes were eligible for selection and the sample telephone numbers were called as many as eight times to increase the likelihood of reaching an eligible respondent. Once a cell phone user was reached, it was verified that this person was age 18 or older, a resident of California, and in a safe place to continue the survey (e.g., not driving).

Cell phone respondents were offered a small reimbursement to help defray the cost of the call. Cell phone interviews were conducted with adults who have cell phone service only and with those who have both cell phone and landline service in the household.

Live landline and cell phone interviews were conducted by Abt SRBI Inc. in English and Spanish according to respondents' preferences. Accent on Languages, Inc. translated the survey into Spanish, with assistance from Renatta DeFever.

With assistance from Abt SRBI we used recent data from the U.S. Census Bureau's 2007–2009 American Community Survey (ACS) through the University of Minnesota's Integrated Public Use Microdata Series for California to compare certain demographic characteristics of the survey sample—region, age, gender, race/ethnicity, and education—with the characteristics of California's adult population. The survey sample was closely comparable to the ACS figures. Abt SRBI used data from the 2008 National Health Interview Survey and data from the 2007–2009 ACS for California both to estimate landline and cell phone service in California and to compare the data against landline and cell phone service reported in this survey. We also used voter registration data from the California Secretary of State to compare the party registration of registered voters in our sample to party registration statewide. The landline and cell phone samples were then integrated using a frame integration weight, while sample balancing adjusted for any differences across regional, age, gender, race/ethnicity, education, telephone service, and party registration groups.

The sampling error, taking design effects from weighting into consideration, is ± 3.4 percent at the 95 percent confidence level for the total sample of 2,002 adults. This means that 95 times out

PPIC Statewide Survey

of 100, the results will be within 3.4 percentage points of what they would be if all adults in California were interviewed. The sampling error for subgroups is larger: For the 1,337 registered voters, it is ± 3.8 percent; for the 894 likely voters, it is ± 4.2 percent; for the 308 Republican primary likely voters, it is ± 7.3 percent. Sampling error is only one type of error to which surveys are subject. Results may also be affected by factors such as question wording, question order, and survey timing.

We present results for four geographic regions, accounting for approximately 90 percent of the state population. "Central Valley" includes Butte, Colusa, El Dorado, Fresno, Glenn, Kern, Kings, Madera, Merced, Placer, Sacramento, San Joaquin, Shasta, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba Counties. "San Francisco Bay Area" includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. "Los Angeles" refers to Los Angeles County, and "Other Southern California" includes Orange, Riverside, San Bernardino, and San Diego Counties. Residents from other geographic areas are included in the results reported for all adults, registered voters, and likely voters, but sample sizes for these less populated areas are not large enough to report separately.

We present specific results for non-Hispanic whites and for Latinos, who account for about a third of the state's adult population and constitute one of the fastest-growing voter groups. We also present results for non-Hispanic Asians, who make up about 14 percent of the state's adult population. Results for other racial/ethnic groups—such as non-Hispanic blacks and Native Americans—are included in the results reported for all adults, registered voters, and likely voters, but sample sizes are not large enough for separate analysis. We compare the opinions of those who report they are registered Democrats, registered Republicans, and decline-to-state or independent voters; the results for those who say they are registered to vote in another party are not large enough for separate analysis. We also analyze the responses of likely voters—so designated by their responses to voter registration survey questions, previous election participation, and current interest in politics.

In reporting the presidential primary preferences of all Republican likely voters, we allocated the Jon Huntsman and Rick Perry supporters to their second-choice candidates. The results reflect these alternate choices.

The percentages presented in the report tables and in the questionnaire may not add to 100 due to rounding.

We compare current PPIC Statewide Survey results to those in our earlier surveys and to those in national surveys by CBS News/*New York Times*. Additional details about our methodology can be found at <http://www.ppic.org/content/other/SurveyMethodology.pdf> and are available upon request through surveys@ppic.org.

QUESTIONNAIRE AND RESULTS

CALIFORNIANS AND THEIR GOVERNMENT

January 10–17, 2012

2,002 California Adult Residents:

English, Spanish

MARGIN OF ERROR $\pm 3.4\%$ AT 95% CONFIDENCE LEVEL FOR TOTAL SAMPLE

PERCENTAGES MAY NOT ADD TO 100 DUE TO ROUNDING

1. First, which one issue facing California today do you think is the most important for the governor and state legislature to work on in 2012?
[code, don't read]
 - 38% jobs, economy
 - 18 state budget, deficit, taxes
 - 16 education, schools
 - 7 immigration, illegal immigration
 - 2 crime, gangs, drugs
 - 2 health care, health costs
 - 9 other
 - 8 don't know
2. Overall, do you approve or disapprove of the way that Jerry Brown is handling his job as governor of California?
 - 46% approve
 - 31 disapprove
 - 23 don't know
3. Overall, do you approve or disapprove of the way that the California Legislature is handling its job?
 - 28% approve
 - 56 disapprove
 - 16 don't know
4. Overall, do you approve or disapprove of the job that the state legislators representing your assembly and senate districts are doing at this time?
 - 36% approve
 - 47 disapprove
 - 17 don't know
5. Do you think that Governor Brown and the state legislature will be able to work together and accomplish a lot in the next year, or not?
 - 44% yes, will be able to work together
 - 47 no, will not be able to work together
 - 9 don't know
6. Do you think things in California are generally going in the right direction or the wrong direction?
 - 37% right direction
 - 57 wrong direction
 - 6 don't know
7. Turning to economic conditions in California, do you think that during the next 12 months we will have good times financially or bad times?
 - 35% good times
 - 56 bad times
 - 9 don't know
8. Would you say that California is in an economic recession, or not? (*If yes: Do you think it is in a serious, a moderate, or a mild recession?*)
 - 43% yes, serious recession
 - 34 yes, moderate recession
 - 9 yes, mild recession
 - 13 no
 - 2 don't know

9. On another topic, in general, how much would you say you know about how your state and local governments spend and raise money—a lot, some, very little, or nothing?

- 16% a lot
- 38 some
- 35 very little
- 9 nothing
- 2 don't know

10. In general, do you think the state government could spend less and still provide the same level of services, or not?

- 59% yes, could [ask q10a]
- 37 no, could not [skip to q11]
- 4 don't know [skip to q11]

10a. [of those who answered yes to q10] How much could the state government cut its spending without reducing services: under 10 percent, 10 percent to under 20 percent, 20 percent to under 30 percent, 30 percent or more?

- 18% under 10 percent
- 41 10 percent to under 20 percent
- 19 20 percent to under 30 percent
- 15 30 percent or more
- 8 don't know

[rotate questions 11 and 12]

11. I'm going to name some of the largest areas for state spending. Please tell me the one that represents the most spending in the state budget. [rotate] (1) K-12 public education, (2) higher education, (3) health and human services, [or] (4) prisons and corrections.

- 16% K-12 public education
- 5 higher education
- 27 health and human services
- 47 prisons and corrections
- 5 don't know

12. I'm going to name some of the largest areas for state revenues. Please tell me the one that represents the most revenue for the state budget. [rotate] (1) personal income tax, (2) sales tax, (3) corporate tax, [or] (4) motor vehicle fees.

- 29% personal income tax
- 28 sales tax
- 18 corporate tax
- 19 motor vehicle fees
- 6 don't know

13. Next, do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?

- 64% big problem
- 30 somewhat of a problem
- 4 not a problem
- 2 don't know

14. Would you say that your local government services—such as those provided by city and county governments and public schools—have or have not been affected by recent state budget cuts? (If they have, ask: Have they been affected a lot or somewhat?)

- 62% affected a lot
- 27 affected somewhat
- 8 not affected
- 4 don't know

15. As you may know, the state government currently has an annual budget of around \$85 billion and faces a multibillion-dollar gap between spending and revenues. How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?

- 35% mostly through spending cuts
- 13 mostly through tax increases
- 40 through a mix of spending cuts and tax increases
- 6 okay to borrow money and run a budget deficit
- 1 other (*specify*)
- 4 don't know

16. In general, which of the following statements do you agree with more—**[rotate]** (1) I'd rather pay higher taxes and have a state government that provides more services, **[or]** (2) I'd rather pay lower taxes and have a state government that provides fewer services?

- 51% higher taxes and more services
- 41 lower taxes and fewer services
- 8 don't know

17. Some of the largest areas for state spending are: **[rotate]** (1) K–12 public education, (2) higher education, (3) health and human services, **[and]** (4) prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.

- 55% K–12 public education
- 19 higher education
- 17 health and human services
- 6 prisons and corrections
- 3 don't know

Tax increases could be used to help reduce the state budget deficit. For each of the following, please indicate whether you would be willing to pay higher taxes for this purpose, or not.

[rotate questions 18 to 21]

18. What if the state said it needed more money just to maintain current funding for K–12 public education? Would you be willing to pay higher taxes for this purpose, or not?

- 72% yes
- 27 no
- 1 don't know

19. What if the state said it needed more money just to maintain current funding for higher education? Would you be willing to pay higher taxes for this purpose, or not?

- 57% yes
- 42 no
- 1 don't know

20. What if the state said it needed more money just to maintain current funding for health and human services? Would you be willing to pay higher taxes for this purpose, or not?

- 57% yes
- 42 no
- 2 don't know

21. What if the state said it needed more money just to maintain current funding for prisons and corrections? Would you be willing to pay higher taxes for this purpose, or not?

- 13% yes
- 85 no
- 1 don't know

Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal.

[rotate questions 22 to 25]

22. How about raising the top rate of the state income tax paid by the wealthiest Californians?

- 74% favor
- 24 oppose
- 2 don't know

PPIC Statewide Survey

23. How about raising the state sales tax on all purchases?
- 29% favor
 - 69 oppose
 - 2 don't know
24. How about extending the state sales tax to services that are not currently taxed?
- 39% favor
 - 54 oppose
 - 6 don't know
25. How about raising the state taxes paid by California corporations?
- 68% favor
 - 30 oppose
 - 2 don't know
26. Under Proposition 13, residential and commercial property taxes are both strictly limited. What do you think about having commercial properties taxed according to their current market value? Do you favor or oppose this proposal?
- 60% favor
 - 33 oppose
 - 7 don't know
27. On another topic, Governor Brown proposed a budget plan for the current and next fiscal year to close the state's projected \$9.2 billion budget deficit. It includes spending cuts to welfare, child care, Medi-Cal, and other social service programs, and increases funding for K-12 public education. The proposal includes tax increases that would have to be approved by voters through an initiative on the November ballot. In general, do you favor or oppose the governor's budget plan?
- 50% favor
 - 43 oppose
 - 1 haven't heard anything about the budget (*volunteered*)
 - 6 don't know
28. Do you favor or oppose Governor Brown's proposed spending cuts to welfare, child care, Medi-Cal, and other social service programs?
- 39% favor
 - 58 oppose
 - 4 don't know
29. Governor Brown's proposed tax initiative on the November ballot includes a temporary four-year half-cent increase in the state sales tax and a temporary five-year increase in the state personal income tax on those earning more than \$250,000 annually. The initiative would raise about \$5 to \$7 billion annually with the new revenues going to K-12 public schools. Do you favor or oppose the proposed tax initiative?
- 72% favor
 - 26 oppose
 - 2 don't know
30. If voters reject the proposed tax initiative on the November ballot, Governor Brown has said that automatic spending cuts will be made to K-12 public schools. Do you favor or oppose these automatic spending cuts to K-12 public schools?
- 20% favor
 - 79 oppose
 - 2 don't know
31. Fiscal reforms have been proposed to address the structural issues in the state budget. Do you think it is a good idea or a bad idea to strictly limit the amount of money that state spending could increase each year?
- 59% good idea
 - 33 bad idea
 - 8 don't know

32. Overall, how fair do you think our present state and local tax system is—would you say it is very fair, moderately fair, not too fair, or not at all fair?

- 7% very fair
- 50 moderately fair
- 27 not too fair
- 14 not at all fair
- 3 don't know

33. When you combine all of the taxes you pay to state and local governments, do you feel that you pay much more than you should, somewhat more than you should, about the right amount, or less than you should?

- 21% much more
- 25 somewhat more
- 47 about the right amount
- 6 less than you should
- 2 don't know

34. Next, would you favor or oppose a shift of some tax dollars and fees from the state government to local governments, in order for local governments to take on the responsibility of running certain programs currently run by the state?

- 66% favor
- 25 oppose
- 9 don't know

34a. If the state were to shift some tax dollars and fees to local governments, how confident are you that local governments would be able to take on the responsibilities of running certain programs currently run by the state? Are you very confident, somewhat confident, not too confident, or not at all confident?

- 10% very confident
- 49 somewhat confident
- 23 not too confident
- 16 not at all confident
- 2 don't know

35. As you may know, state funding is being provided to shift some of the lower-risk inmates from state prisons to county jails to reduce prison overcrowding and lower state costs. How confident are you that your local government is able to take on this responsibility? Are you very confident, somewhat confident, not too confident, or not at all confident?

- 12% very confident
- 38 somewhat confident
- 26 not too confident
- 22 not at all confident
- 3 don't know

36. On another topic, overall, do you approve or disapprove of the way that Barack Obama is handling his job as president of the United States?

- 54% approve
- 42 disapprove
- 4 don't know

[rotate questions 37 and 38]

37. Overall, do you approve or disapprove of the way that Dianne Feinstein is handling her job as U.S. senator?

- 47% approve
- 35 disapprove
- 18 don't know

38. Overall, do you approve or disapprove of the way that Barbara Boxer is handling her job as U.S. senator?

- 46% approve
- 38 disapprove
- 17 don't know

39. Overall, do you approve or disapprove of the way the U.S. Congress is handling its job?

- 25% approve
- 69 disapprove
- 5 don't know

40. Overall, do you approve or disapprove of the way your own representative to the U.S. House of Representatives in Congress is handling his or her job?

- 46% approve
- 39 disapprove
- 15 don't know

41. Do you think that President Obama and the U.S. Congress will be able to work together and accomplish a lot in the next year, or not?

- 35% yes, will be able to work together
- 62 no, will not be able to work together
- 3 don't know

42. Next, some people are registered to vote and others are not. Are you absolutely certain that you are registered to vote in California?

- 67% yes [ask q42a]
- 33 no [skip to q43b]

42a. Are you registered as a Democrat, a Republican, another party, or are you registered as a decline-to-state or independent voter?

- 44% Democrat [ask q43]
- 31 Republican [skip to q43a]
- 5 another party (specify) [skip to q45]
- 21 independent [skip to q43b]

43. Would you call yourself a strong Democrat or not a very strong Democrat?

- 55% strong
- 43 not very strong
- 2 don't know

[skip to q45]

43a. Would you call yourself a strong Republican or not a very strong Republican?

- 55% strong
- 44 not very strong
- 2 don't know

[skip to q44]

43b. Do you think of yourself as closer to the Republican Party or Democratic Party?

- 24% Republican Party
- 45 Democratic Party
- 24 neither (volunteered)
- 7 don't know

[skip to q45]

Changing topics,

44. [Republican primary likely voters only] If the 2012 Republican primary for president were being held today, and these were the candidates, who would you vote for? [rotate names and then ask "or someone else?"]

- 36% Mitt Romney
- 16 Newt Gingrich
- 14 Rick Santorum
- 9 Ron Paul
- 4 Rick Perry
- 3 Jon Huntsman
- 1 someone else [specify]
- 16 don't know

44. [Republican primary likely voters only; Jon Huntsman and Rick Perry supporters allocated based on their 2nd choice] If the 2012 Republican primary for president were being held today, and these were the candidates, who would you vote for? [rotate names and then ask "or someone else?"]

- 37% Mitt Romney
- 18 Newt Gingrich
- 15 Rick Santorum
- 11 Ron Paul
- 1 someone else [specify]
- 17 don't know

45. [likely voters only] In general, would you say you are satisfied or not satisfied with your choices of candidates in the election for U.S. president in 2012?

- 53% satisfied
- 42 not satisfied
- 6 don't know

46. *[Likely voters only]* How closely are you following news about candidates for the 2012 presidential election—very closely, fairly closely, not too closely, or not at all closely?

- 36% very closely
- 49 fairly closely
- 13 not too closely
- 3 not at all closely
- don't know

47. Next, would you consider yourself to be politically:

[read list, rotate order top to bottom]

- 11% very liberal
- 23 somewhat liberal
- 28 middle-of-the-road
- 23 somewhat conservative
- 12 very conservative
- 2 don't know

48. Generally speaking, how much interest would you say you have in politics—a great deal, a fair amount, only a little, or none?

- 20% great deal
- 39 fair amount
- 34 only a little
- 7 none
- don't know

[d1-d17: demographic questions]

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11-0090

RECEIVED

DEC 05 2011

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

December 1, 2011

VIA MESSENGER

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Dawn McFarland

Re: *The Schools and Local Public Safety Protection Act of 2012*

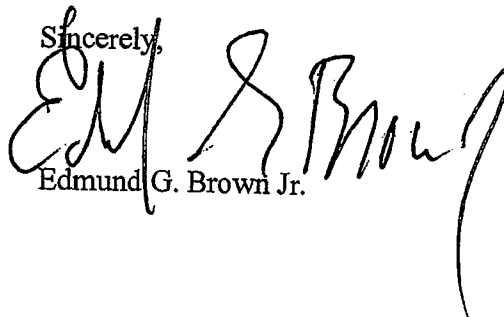
Dear Ms. McFarland:

Pursuant to Elections Code section 9001(a), I request that the Attorney General prepare a title and summary of a measure entitled "The Schools and Local Public Safety Protection Act of 2012." The text of the measure, a check for \$200.00, and the certifications required by Elections Code sections 9001(b) and 9608 are enclosed.

Please direct all correspondence and inquiries regarding this measure to:

Thomas A. Willis
Remcho, Johansen & Purcell, LLP
201 Dolores Avenue
San Leandro, CA 94577
Phone: (510) 346-6200
Fax: (510) 346-6201

Sincerely,



Edmund G. Brown Jr.

Enclosures
(00157089)

THE SCHOOLS AND LOCAL PUBLIC SAFETY PROTECTION ACT OF 2012**Sec. 1. Title.**

This measure shall be known and may be cited as "The Schools and Local Public Safety Protection Act of 2012."

Sec. 2. Findings.

(a) Over the past 4 years alone, California has had to cut more than \$56 billion from education, police and fire protection, healthcare and other critical state and local services. These funding cuts have forced teacher layoffs, increased school class sizes, increased college fees, reduced police protection, increased fire response times, exacerbated dangerous overcrowding in prisons, and substantially reduced oversight of parolees.

(b) These cuts in critical services have hurt California's seniors, middle-class, working families, children, college students and small businesses the most. We cannot afford more cuts to education and the other services we need.

(c) After years of cuts and difficult choices it is necessary to turn the state around. Raising new tax revenue is an investment in our future that will put California back on track for growth and success.

(d) The Schools and Local Public Safety Protection Act of 2012 will make California's tax system more fair. With working families struggling while the wealthiest among us enjoy record income growth, it is only right to ask the wealthy to pay their fair share.

(e) The Schools and Local Public Safety Protection Act of 2012 raises the income tax on those at the highest end of the income scale – those who can most afford it. It also temporarily restores some sales taxes in effect last year, while keeping the overall sales tax rate lower than it was in early 2011.

(f) The new taxes in this measure are temporary. Under the Constitution they will end in five years.

(g) The new tax revenue is guaranteed in the Constitution to go directly to local school districts and community colleges. Cities and counties are guaranteed ongoing funding for public safety programs such as local police and child protective services. State money is freed up to help balance the budget and prevent even more devastating cuts to services for seniors, working families, and small businesses. Everyone benefits.

(h) To ensure these funds go where the voters intend, they are put in special accounts that the Legislature cannot touch. None of these new revenues can be spent on state bureaucracy or administrative costs.

(i) These funds will be subject to an independent audit every year to ensure they are spent only for schools and public safety. Elected officials will be subject to prosecution and criminal penalties if they misuse the funds.

Sec. 3. Purpose and Intent.

(a) The chief purpose of this measure is to protect schools and local public safety by asking the wealthy to pay their fair share of taxes. This measure takes funds away from state control and places them in special accounts that are exclusively dedicated to schools and local public safety in the state constitution.

(b) This measure builds on a broader state budget plan that has made billions of dollars in permanent cuts to state spending.

(c) The measure guarantees solid, reliable funding for schools, community colleges, and public safety while helping balance the budget and preventing further devastating cuts to services for seniors, middle-class, working families, children and small businesses.

(d) This measure gives constitutional protection to the shift of local public safety programs from state to local control and the shift of state revenues to local government to pay for those programs. It guarantees that schools are not harmed by providing even more funding than schools would have received without the shift.

(e) This measure guarantees that the new revenues it raises will be sent directly to school districts for classroom expenses, not administrative costs. This school funding cannot be suspended or withheld no matter what happens with the state budget.

(f) All revenues from this measure are subject to local audit every year, and audit by the independent Controller to ensure that they will be used only for schools and local public safety.

Sec. 4. Section 36 is added to Article XIII of the California Constitution, to read:

SEC. 36. (a) For purposes of this section:

(1) "Public Safety Services" includes the following:

(A) Employing and training public safety officials, including law enforcement personnel, attorneys assigned to criminal proceedings, and court security staff.

(B) Managing local jails and providing housing, treatment, and services for, and supervision of, juvenile and adult offenders.

(C) Preventing child abuse, neglect, or exploitation; providing services to children and youth who are abused, neglected, or exploited, or who are at risk of abuse, neglect, or

exploitation, and the families of those children; providing adoption services; and providing adult protective services.

(D) Providing mental health services to children and adults to reduce failure in school, harm to self or others, homelessness, and preventable incarceration or institutionalization.

(E) Preventing, treating, and providing recovery services for substance abuse.

(2) "2011 Realignment Legislation" means legislation enacted on or before September 30, 2012, to implement the state budget plan, that is entitled 2011 Realignment and provides for the assignment of Public Safety Services responsibilities to local agencies, including related reporting responsibilities. The legislation shall provide local agencies with maximum flexibility and control over the design, administration, and delivery of Public Safety Services consistent with federal law and funding requirements, as determined by the Legislature. However, 2011 Realignment Legislation shall include no new programs assigned to local agencies after January 1, 2012 except for the early periodic screening, diagnosis, and treatment (EPSDT) program and mental health managed care.

(b)(1) Except as provided in (d), commencing in fiscal year 2011-2012 and continuing thereafter, the following amounts shall be deposited into the Local Revenue Fund 2011, as established by Section 30025 of the Government Code, as follows:

(A) All revenues, less refunds, derived from the taxes described in Sections 6051.15 and 6201.15 of the Revenue and Taxation Code, as those sections read on July 1, 2011.

(B) All revenues, less refunds, derived from the vehicle license fees described in Section 11005 of the Revenue and Taxation Code, as that section read on July 1, 2011.

(2) On and after July 1, 2011, the revenues deposited pursuant to paragraph (1) shall not be considered General Fund revenues or proceeds of taxes for purposes of Section 8 of Article XVI of the California Constitution.

(c)(1) Funds deposited in the Local Revenue Fund 2011, are continuously appropriated exclusively to fund the provision of Public Safety Services by local agencies. Pending full implementation of the 2011 Realignment Legislation, funds may also be used to reimburse the State for program costs incurred in providing Public Safety Services on behalf of local agencies. The methodology for allocating funds shall be as specified in the 2011 Realignment Legislation.

(2) The county treasurer, city and county treasurer, or other appropriate official shall create a County Local Revenue Fund 2011 within the treasury of each county or city and county. The money in each County Local Revenue Fund 2011 shall be exclusively

used to fund the provision of Public Safety Services by local agencies as specified by the 2011 Realignment Legislation.

(3) Notwithstanding Section 6 of Article XIII B, or any other constitutional provision, a mandate of a new program or higher level of service on a local agency imposed by the 2011 Realignment Legislation, or by any regulation adopted or any executive order or administrative directive issued to implement that legislation, shall not constitute a mandate requiring the State to provide a subvention of funds within the meaning of that section. Any requirement that a local agency comply with Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code, with respect to performing its Public Safety Services responsibilities, or any other matter, shall not be a reimbursable mandate under Section 6 of Article XIII B.

(4)(A) Legislation enacted after September 30, 2012, that has an overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation shall apply to local agencies only to the extent that the State provides annual funding for the cost increase. Local agencies shall not be obligated to provide programs or levels of service required by legislation, described in this subparagraph, above the level for which funding has been provided.

(B) Regulations, executive orders, or administrative directives, implemented after October 9, 2011, that are not necessary to implement the 2011 Realignment Legislation, and that have an overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation, shall apply to local agencies only to the extent that the State provides annual funding for the cost increase. Local agencies shall not be obligated to provide programs or levels of service pursuant to new regulations, executive orders, or administrative directives, described in this subparagraph, above the level for which funding has been provided.

(C) Any new program or higher level of service provided by local agencies, as described in subparagraphs (A) and (B), above the level for which funding has been provided, shall not require a subvention of funds by the State nor otherwise be subject to Section 6 of Article XIII B. This paragraph shall not apply to legislation currently exempt from subvention under paragraph (2) of subdivision (a) of Section 6 of Article XIII B as that paragraph read on January 2, 2011.

(D) The State shall not submit to the federal government any plans or waivers, or amendments to those plans or waivers, that have an overall effect of increasing the cost borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation, except to the extent that the plans, waivers, or amendments are required by federal law, or the State provides annual funding for the cost increase.

(E) The State shall not be required to provide a subvention of funds pursuant to this paragraph for a mandate that is imposed by the State at the request of a local agency or

to comply with federal law. State funds required by this paragraph shall be from a source other than those described in subdivisions (b) and (d), ad valorem property taxes, or the Social Services Subaccount of the Sales Tax Account of the Local Revenue Fund.

(5)(A) For programs described in subparagraphs (C) to (E) inclusive, of paragraph (1) of subdivision (a) and included in the 2011 Realignment Legislation, if there are subsequent changes in federal statutes or regulations that alter the conditions under which federal matching funds as described in the 2011 Realignment Legislation are obtained, and have the overall effect of increasing the costs incurred by a local agency, the State shall annually provide at least 50 percent of the nonfederal share of those costs as determined by the State.

(B) When the State is a party to any complaint brought in a federal judicial or administrative proceeding that involves one or more of the programs described in subparagraphs (C) to (E) inclusive, of paragraph (1) of subdivision (a) and included in the 2011 Realignment Legislation, and there is a settlement or judicial or administrative order that imposes a cost in the form of a monetary penalty or has the overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation, the State shall annually provide at least 50 percent of the nonfederal share of those costs as determined by the State. Payment by the State is not required if the State determines that the settlement or order relates to one or more local agencies failing to perform a ministerial duty, failing to perform a legal obligation in good faith, or acting in a negligent or reckless manner.

(C) The state funds provided in this paragraph shall be from funding sources other than those described in subdivisions (b) and (d), ad valorem property taxes, or the Social Services Subaccount of the Sales Tax Account of the Local Revenue Fund.

(6) If the State or a local agency fails to perform a duty or obligation under this section or under the 2011 Realignment Legislation, an appropriate party may seek judicial relief. These proceedings shall have priority over all other civil matters.

(7) The funds deposited into a County Local Revenue Fund 2011 shall be spent in a manner designed to maintain the State's eligibility for federal matching funds, and to ensure compliance by the State with applicable federal standards governing the State's provision of Public Safety Services.

(8) The funds deposited into a County Local Revenue Fund 2011 shall not be used by local agencies to supplant other funding for Public Safety Services.

(d) If the taxes described in subdivision (b) are reduced or cease to be operative, the State shall annually provide moneys to the Local Revenue Fund 2011 in an amount equal to or greater than the aggregate amount that otherwise would have been provided by the taxes described in subdivision (b). The method for determining that amount shall be described in the 2011 Realignment Legislation, and the State shall be obligated to

provide that amount for so long as the local agencies are required to perform the Public Safety Services responsibilities assigned by the 2011 Realignment Legislation. If the State fails to annually appropriate that amount, the Controller shall transfer that amount from the General Fund in pro rata monthly shares to the Local Revenue Fund 2011. Thereafter, the Controller shall disburse these amounts to local agencies in the manner directed by the 2011 Realignment Legislation. The state obligations under this subdivision shall have a lower priority claim to General Fund money than the first priority for money to be set apart under Section 8 of Article XVI and the second priority to pay voter-approved debts and liabilities described in Section 1 of Article XVI.

(e)(1) To ensure that public education is not harmed in the process of providing critical protection to local Public Safety Services, the Education Protection Account is hereby created in the General Fund to receive and disburse the revenues derived from the incremental increases in taxes imposed by this section as specified in subdivision (f).

(2)(A) Before June 30, 2013, and before June 30th of each year thereafter through 2016, the Director of Finance shall estimate the total amount of additional revenues, less refunds, that will be derived from the incremental increases in tax rates made in subdivision (f) that will be available for transfer into the Education Protection Account during the next fiscal year. The Director of Finance shall make the same estimate by January 10, 2013, for additional revenues, less refunds, that will be received by the end of the 2012-13 fiscal year.

(B) During the last ten days of the quarter of each of the first three quarters of each fiscal year from 2013-14 through 2016-17, the Controller shall transfer into the Education Protection Account one fourth of the total amount estimated pursuant to subparagraph (A) for that fiscal year, except as this amount may be adjusted pursuant to subparagraph (D).

(C) In each of the fiscal years 2012-13 through 2018-19, the Director of Finance shall calculate an adjustment to the Education Protection Account, as specified by subparagraph (D), by adding together the following amounts, as applicable:

(i) In the last quarter of each fiscal year from 2012-13 through 2016-17, the Director of Finance shall recalculate the estimate made for the fiscal year pursuant to subparagraph (A), and shall subtract from this updated estimate the amounts previously transferred to the Education Protection Account for that fiscal year.

(ii) In June 2015 and in every June through 2019, the Director of Finance shall make a final determination of the amount of additional revenues, less refunds, derived from the incremental increases in tax rates made in subdivision (f) for the fiscal year ending two years prior. The amount of the updated estimate calculated in clause (i) for the fiscal year ending two years prior shall be subtracted from the amount of this final determination.

(D) If the sum determined pursuant to subparagraph (C) is positive, the Controller shall transfer an amount equal to that sum into the Education Protection Account within 10 days preceding the end of the fiscal year. If that amount is negative, the Controller shall suspend or reduce subsequent quarterly transfers, if any, to the Education Protection Account until the total reduction equals the negative amount herein described. For purposes of any calculation made pursuant to clause (i) of subparagraph (C), the amount of a quarterly transfer shall not be modified to reflect any suspension or reduction made pursuant to this subparagraph.

(3) All moneys in the Education Protection Account are hereby continuously appropriated for the support of school districts, county offices of education, charter schools, and community college districts as set forth in this paragraph.

(A) Eleven percent of the moneys appropriated pursuant to this paragraph shall be allocated quarterly by the Board of Governors of the California Community Colleges to community college districts to provide general purpose funding to community college districts in proportion to the amounts determined pursuant to Section 84750.5 of the Education Code, as that code section read upon the enactment of this section. The allocations calculated pursuant to this subparagraph shall be offset by the amounts specified in subdivisions (a), (c) and (d) of Section 84751 of the Education Code, as that section read upon enactment of this section, that are in excess of the amounts calculated pursuant to Section 84750.5 of the Education Code, as that section read upon enactment of this section, provided that no community college district shall receive less than one hundred dollars (\$100) per full time equivalent student.

(B) Eighty nine percent of the moneys appropriated pursuant to this paragraph shall be allocated quarterly by the Superintendent of Public Instruction to provide general purpose funding to school districts, county offices of education, and state general-purpose funding to charter schools in proportion to the revenue limits calculated pursuant to Sections 2558 and 42238 and the amounts calculated pursuant to Section 47633 of the Education Code for county offices of education, school districts, and charter schools, respectively, as those sections read upon enactment of this section. The amounts so calculated shall be offset by the amounts specified in subdivision (c) of Section 2558, paragraphs (1) through (7) of subdivision (h) of Section 42238, and Section 47635 of the Education Code for county offices of education, school districts, and charter schools, respectively, as those sections read upon enactment of this section, which are in excess of the amounts calculated pursuant to Sections 2558, 42238, and 47633 of the Education Code for county offices of education, school districts, and charter schools, respectively, as those sections read upon enactment of this section, provided that no school district, county office of education, or charter school shall receive less than two hundred dollars (\$200) per unit of average daily attendance.

(4) This subdivision is self-executing and requires no legislative action to take effect. Distribution of the moneys in the Education Protection Account by the Board of Governors of the California Community Colleges and the Superintendent of Public

Instruction shall not be delayed or otherwise affected by failure of the Legislature and Governor to enact an annual budget bill pursuant to Section 12 of Article IV, by invocation of paragraph (h) of Section 8 of Article XVI, or by any other action or failure to act by the Legislature or Governor.

(5) Notwithstanding any other provision of law, the moneys deposited in the Education Protection Account shall not be used to pay any costs incurred by the Legislature, Governor or any agency of state government.

(6) A community college district, county office of education, school district, and charter school shall have sole authority to determine how the moneys received from the Education Protection Account are spent in the school or schools within its jurisdiction, provided, however, that the appropriate governing board or body shall make these spending determinations in open session of a public meeting of the governing board or body and shall not use any of the funds from the Education Protection Account for salaries or benefits of administrators or any other administrative costs. Each community college district, county office of education, school district, and charter school shall annually publish on its Internet Web site an accounting of how much money was received from the Education Protection Account and how that money was spent.

(7) The annual independent financial and compliance audit required of community college districts, county offices of education, school districts, and charter schools shall, in addition to all other requirements of law, ascertain and verify whether the funds provided from the Education Protection Account have been properly disbursed and expended as required by this section. Expenses incurred by those entities to comply with the additional audit requirement of this section may be paid with funding from the Education Protection Account and shall not be considered administrative costs for purposes of this section.

(8) Revenues, less refunds, derived pursuant to subdivision (f) for deposit in the Education Protection Account pursuant to this section shall be deemed "General Fund revenues," "General Fund proceeds of taxes" and "moneys to be applied by the State for the support of school districts and community college districts" for purposes of Section 8 of Article XVI.

(f)(1)(A) In addition to the taxes imposed by Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, for the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers at the rate of 1/2 percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this state on and after January 1, 2013, and before January 1, 2017.

(B) In addition to the taxes imposed by Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code, an excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property purchased from any retailer on and after January 1, 2013, and before January 1, 2017, for storage,

use, or other consumption in this state at the rate of 1/2 percent of the sales price of the property.

(C) The Sales and Use Tax Law, including any amendments enacted on or after the effective date of this section, shall apply to the taxes imposed pursuant to this paragraph.

(D) This paragraph shall cease to be operative on January 1, 2017.

(2) For any taxable year beginning on or after January 1, 2012, and before January 1, 2017, with respect to the tax imposed pursuant to Section 17041 of the Revenue and Taxation Code, the income tax bracket and the rate of 9.3 percent set forth in paragraph (1) of subdivision (a) of Section 17041 of the Revenue and Taxation Code shall be modified by each of the following:

(A)(i) For that portion of taxable income that is over two hundred and fifty thousand dollars (\$250,000) but not over three hundred thousand dollars (\$300,000) the tax rate is 10.3 percent of the excess over two hundred and fifty thousand dollars (\$250,000).

(ii) For that portion of taxable income that is over three hundred thousand dollars (\$300,000) but not over five hundred thousand dollars (\$500,000) the tax rate is 10.8 percent of the excess over three hundred thousand dollars (\$300,000).

(iii) For that portion of taxable income that is over five hundred thousand dollars (\$500,000), the tax rate is 11.3 percent of the excess over five hundred thousand dollars (\$500,000).

(B) The income tax brackets specified in clauses (i), (ii), and (iii) of subparagraph (A) shall be recomputed, as otherwise provided in subdivision (h) of Section 17041 of the Revenue and Taxation Code, only for taxable years beginning on and after January 1, 2013.

(C)(i) For purposes of subdivision (g) of Section 19136 of the Revenue and Taxation Code, this provision shall be considered to be chaptered on the date it becomes effective.

(ii) For purposes of Part 10 (commencing with Section 17001) and Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code, the modified tax brackets and tax rates established and imposed by this paragraph shall be deemed to be established and imposed under Section 17041 of the Revenue and Taxation Code.

(D) This paragraph shall cease to be operative on December 1, 2017.

(3) For any taxable year beginning on or after January 1, 2012, and before January 1, 2017, with respect to the tax imposed pursuant to Section 17041 of the Revenue and

Taxation Code, the income tax bracket and the rate of 9.3 percent set forth in paragraph (1) of subdivision (c) of Section 17041 of the Revenue and Taxation Code shall be modified by each of the following:

(A)(i) For that portion of taxable income that is over three hundred forty thousand dollars (\$340,000) but not over four hundred eight thousand dollars (\$408,000) the tax rate is 10.3 percent of the excess over three hundred forty thousand dollars (\$340,000).

(ii) For that portion of taxable income that is over four hundred eight thousand dollars (\$408,000) but not over six hundred eighty thousand dollars (\$680,000) the tax rate is 10.8 percent of the excess over six hundred eighty thousand dollars (\$680,000).

(iii) For that portion of taxable income that is over six hundred eighty thousand dollars (\$680,000), the tax rate is 11.3 percent of the excess over six hundred eighty thousand dollars (\$680,000).

(B) The income tax brackets specified in clauses (i), (ii), and (iii) of subparagraph (A) shall be recomputed, as otherwise provided in subdivision (h) of Section 17041 of the Revenue and Taxation Code, only for taxable years beginning on and after January 1, 2013.

(C)(i) For purposes of subdivision (g) of Section 19136 of the Revenue and Taxation Code, this provision shall be considered to be chaptered on the date it becomes effective.

(ii) For purposes of Part 10 (commencing with Section 17001) and Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code, the modified tax brackets and tax rates established and imposed by this paragraph shall be deemed to be established and imposed under Section 17041 of the Revenue and Taxation Code.

(D) This paragraph shall cease to be operative on December 1, 2017.

(g)(1) The Controller, pursuant to his or her statutory authority, may perform audits of expenditures from the Local Revenue Fund 2011 and any County Local Revenue Fund 2011, and shall audit the Education Protection Account to ensure that those funds are used and accounted for in a manner consistent with this section.

(2) The Attorney General or local district attorney shall expeditiously investigate, and may seek civil or criminal penalties for, any misuse of moneys from the County Local Revenue Fund 2011 or the Education Protection Account.

Sec. 5. Effective Date.

Subdivision (b) of Section 36 of Article XIII, as added by this measure, shall be operative as of July 1, 2011. Paragraphs (2) and (3) of subdivision (f) of Section 36 of

Article XIII, as added by this measure, shall be operative as of January 1, 2012. All other provisions of this measure shall take effect the day after the election in which it is approved by a majority of the voters voting on the measure provided.

Sec. 6. Conflicting Measures.

In the event that this measure and another measure that imposes an incremental increase in the tax rates for personal income shall appear on the same statewide ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this measure shall prevail in their entirety, and the other measure or measures shall be null and void.

Sec. 7.

This measure provides funding for school districts and community college districts in an amount that equals or exceeds that which would have been provided if the revenues deposited pursuant to Sections 6051.15 and 6201.15 of the Revenue and Taxation Code pursuant to Chapter 43 of the Statutes of 2011 had been considered "General Fund revenues" or "General Fund proceeds of taxes" for purposes of Section 8 of Article XVI of the California Constitution.

Sacramento County Board of Supervisors 2-22-12 – 2:00 PM – Legislative Update
“The Schools and Local Public Safety Protection Act of 2012”

Thomas A Willis, Remcho, Johansen & Purcell, LLP letter and attached Initiative (as shown above) gives the following info:

The new taxes in this measure are temporary. Under the Constitution they will end in five years.

The new tax revenue is guaranteed in the Constitution to **go directly to local school districts and community colleges.**

The Schools and Local Public Safety Protection Act of 2012 will make California’s tax system more fair. **With working families struggling while the wealthiest among us enjoy record income growth, it is only right to ask the wealthy to pay their fair share.**

Everyone benefits.

None of these new revenues can be spent on state bureaucracy or administrative costs.

Funds subject to an Independent Audit every year to ensure they are spent only for schools and public safety. **Elected officials will be subject to prosecution and criminal penalties if they misuse the funds.**

2(f) - All revenues from this measure are subject to local audit every year, and audit by the **Independent Controller** to ensure that they **will be used only for schools and local public safety.**

2011 Realignment Legislation – State Budget Plan

Sacramento County Staff Report – 2-22-12

Shows this ballot measure includes increases in personal income tax on annual earnings over \$250,000 for five years and increases sales tax and use tax by ½ cent for four years.

Public safety programs have been permanently “realigned” or shifted from the state to the local level. (The Board took action to support in concept Governor Brown’s first constitutional amendment on a vote of 4-1, which the Legislature was considering at that time.

How many years or months will it take for the Sacramento County Board of Supervisors and the City of Sacramento, as Successor Agencies of their Sacramento Housing and Redevelopment Agency to pay off their Bonded Debt? When that debt
Continued to Page 2

is paid, the property taxes known as increments will be returned to pay for services like schools, police and fire protection, parks and libraries? For Fiscal Year 2009/10 the State Controller’s Office received the report from SHRA that the City of Sacramento received \$54,672,949 of Property Tax Increments and the County of Sacramento received \$13,119,119 of Property Tax Increments.

How many millions or billions of dollars over a 40 to 60 year period of time have the City and County of Sacramento diverted away from their general funds that would have paid for schools, police & fire protection, parks and libraries and services for the people?

For those numerous years the City and County of Sacramento’s Redevelopment Agency received these large amounts of money that paid for entitlements and subsidies that bankrolled favored developers and investors. Property taxes that should have been earmarked for services for the people were given to this Unknown Government of Redevelopment with an abuse of power that included the threat and taking of private property parcels by Eminent Domain AND now the Governor wants the people to pay for this theft?

This new Measure or Initiative says “Elected officials will be subject to prosecution and criminal penalties if they misuse the funds.” So why haven’t these elected officials been held accountable in the past and why aren’t they prosecuted with criminal penalties for stealing property taxes that should have gone for schools, police and fire protection, parks and libraries and stolen private property parcels that were given to a developer or investor for their profit and gain?

Thank you, Karen Klinger – Arden Arcade resident

PS “In Lieu of Fees” from Housing Projects of over 4 units is not shown in the State Controller’s Community Development Fiscal Year Reports as Revenue. why are these fees not shown. Karen Klinger