

TALKING TAXES: FIXING OUR FUTURE

California Federation of Teachers,
AFT/AFL-CIO



THE PROBLEM

California has an ongoing budget crisis. Public education and other vital social services have been cut by many billions of dollars. Education cuts have totaled \$16.9 billion over the past three years. This year, even if tax extensions pass there will still be an added \$2.1 billion cut to education.

POINT ONE

These cuts are devastating public education, public safety, and public health.



POINT TWO

Because of these cuts, California's public education budget has fallen to 47th among the states, according to the respected annual report on by *Education Week*, "Quality Counts."



If tax extensions are allowed to expire our underfunding of education and public services will get worse. (*current ranking below*)

- 47th* in the nation in K-12 per student spending, and sinking
- 45th in the nation in community college per student spending
- 48th in the nation in government employees per resident

*"Quality Counts," *Education Week Report*, January 2009

POINT THREE

In order to ensure a decent future for our children, we must invest in education, public safety, and other necessary services. The first step is talking to the Legislature to pass these tax extensions.

HOW ARE CUTS AFFECTING STUDENTS?

In K-12:

- Larger class sizes
- Fewer resources in the classroom
- Few full time library clerks, few nurses
- Fewer classified staff, reduced busing
- Little elementary music or art
- Pay to play sports programs
- Reduced or eliminated summer school

HOW ARE CUTS AFFECTING STUDENTS?

In higher education:

- Increased tuition and fees
- Layoffs, furloughs of faculty and staff
- Fewer classes and support services
- Longer time to graduate
- Failure to adequately serve adult students during a recession

Tax Extensions are a stopgap measure to address our state revenue problem:

- *Keep* the .25% personal income tax rate surcharge – \$2.077 billion
- *Keep* 1% increase in state sales tax - \$4.459 billion
- *Keep* Increase of Vehicle License Fee by .5% - \$1.382 billion
- *Keep* reduction in dependent credit - \$1.248 billion
- *Keep* corporate loopholes closed - \$1.2 billion

Tax Cuts Enacted Since 1993 Cost an Estimated \$11.7 Billion in 2008-09 2008-09 Drop Reflects Suspension of Net Operations Loss Deductions



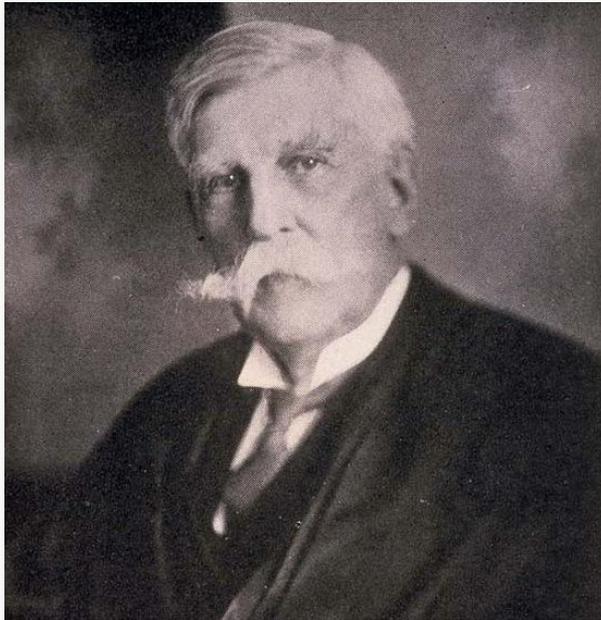
*2007-08 and 2008-09 estimated. Source: Assemble Revenue and Taxation Committee, Board of Education, Department of Finance, Franchise Tax Board, and Legislative Analyst's Office

Passing Tax Extensions through the budget will *not* solve the state's long term revenue problem.

They *will* prevent thousands more jobs lost in education, healthcare and public safety.

They *will* allow California to maintain minimum standards for safe streets and schools, and begin our road to recovery.

“NO NEW TAXES”?



“Taxes are the price we pay for living in a civilized society.”

—Oliver Wendell Holmes

Additional FAIR TAX IDEAS

- AB 1130: “1% on 1%” (>\$500K/year)
- Re-assess non-residential real property (“split roll”)
- Enact severance tax on oil produced in California
- Enact modest taxes on financial transactions
- Enforce tax collection, including internet sales
- Repeal tax loopholes put in place over last dozen years

FOR MORE INFORMATION:

www.cft.org

California Federation of Teachers

www.cbp.org

California Budget Project

www.caltaxreform.org

California Tax Reform Association

WHAT DO WE SAY?

“Close loopholes, not schools!!”





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