

BERKELEY UNIFIED SCHOOL DISTRICT

TO: The Board of Education
FROM: Neil Smith and Javetta Cleveland, Co-Superintendents
DATE: November 7, 2012
SUBJECT: Budget Update on Results of November Tax Initiative
(Proposition 30)

BACKGROUND INFORMATION

California voters approved Proposition 30 on Tuesday by a comfortable margin. With 100% of the state's precincts reporting, Proposition 30 had the support of 53.9% of those having voted, with 4,959,206 "yes" votes – a margin of over 750,000. On Election Day, the initiative won a majority in 25 of the state's 58 counties. It was great to learn that Alameda County supported the proposition with an overwhelming support of 72.72%. We appreciate the continued support from our community and employees in supporting education in Berkeley schools.

Proposition 30 will raise the state's sales tax by a quarter of a cent for four years starting Jan. 1 and increase income taxes for people who make at least \$250,000 by up to 3 percentage points for seven years, retroactive to the start of the 2012 tax year. It is projected to raise an average of \$6 billion annually for the state's general fund and education to prevent nearly \$6 billion in "trigger cuts," mostly to education, this year. The "trigger cut" for Berkeley Unified School District was estimated to be nearly \$4 million a year.

For K-12 and community college districts, passage of Proposition 30 means that they can generally expect flat funding year after year with some relief on deferred cash revenue from the State. Due to the passing of Proposition 30, the District's revenue projected in the adopted budget for fiscal year 2012-13 will not be cut and will remain relatively flat from last year's budget.

STAFF RECOMMENDATION

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