

Join CFPA in Supporting Proposition 55

CFPA's mission is to improve the health and well-being of low-income Californians by increasing their access to nutritious, affordable food. Proposition 55, "The California Children's Education and Health Care Protection Act of 2016," provides an opportunity to secure state revenues for critical programs serving low-income Californians. The revenue generated by Prop. 55 – estimated at \$4-\$9 billion per year from 2019 through 2030 – would support education (including school nutrition programs) and health care for low-income Californians through Medi-Cal. Prop. 55 provides a progressive means to fund these programs by levying taxes fairly, based on the ability to pay.

Proposition 30, which [CFPA supported](#) and voters approved in 2012, provided much-needed, short-term state revenues at a time when California faced crippling budget challenges. Without the passage of Prop. 55, Prop. 30's tax rate increases are scheduled to expire at the end of 2018. Prop. 55 would extend the Prop. 30 tax rate increases for the wealthiest Californians for another 12 years, while allowing the quarter-cent sales tax increase to expire. Prop. 55 would also create a formula to provide additional funding for Medi-Cal from the new revenues. Existing provisions of the state Constitution would require Prop. 55 revenues to go to K-12 public schools, community colleges, the state's rainy day fund, and state debt payments.

What Happens If Proposition 55 Is Approved?

- **Prop. 30's personal income tax rate increase on the wealthiest Californians would be extended for 12 years, providing \$4 to \$9 billion annually,** according to the Legislative Analyst's Office (LAO). The LAO states that the income tax affects approximately 1.5% of taxpayers with the highest incomes. Prop. 55 would allow the Prop. 30 state sales tax to expire at the end of 2016.
- **A new constitutional formula would be created to increase funding for Medi-Cal, which provides health care services to low-income Californians.** After fulfilling the Prop 98 education funding guarantee and existing budget commitments, Medi-Cal would receive 50% of the excess, up to a max of \$2 billion annually on top of existing General Fund support.
- **Increased funding for education and child nutrition programs.** Most of the funding for California's K-12 schools and community colleges is provided by the Prop. 98 funding guarantee. California's school nutrition programs are supported through Prop. 98 dollars. Prop. 55 would boost the amount of Prop. 98 funding.
- **Increased deposits into the state's rainy day fund and repayments of state budgetary debt.** The LAO estimates that Prop. 55 would provide an additional \$60 million to \$1.5 billion each year for Prop. 2 purposes.

- **State policymakers can use remaining revenues raised by Prop. 55 for key budget priorities, including social service programs.** Tax revenues could be used for a number of anti-poverty priorities, such as expanding state-funded nutrition benefits, increasing SSI/SSP cash assistance for low-income seniors and people with disabilities, or providing additional subsidized child care slots.

What If Proposition 55 Is Not Approved?

- Billions of General Fund dollars would be eliminated due to the lost income tax revenue from the top 1.5% of Californians— a projected \$4.5 billion in 2018-19 and \$7.7 billion in 2019-20, with annual revenue losses thereafter.
- A multi-billion dollar budget deficit would likely result in cuts to essential state services. A large deficit would leave the state with less funds for schools and other vital public services and systems.
- The Prop. 98 education funding guarantee would be reduced, which provides the state funding for child nutrition programs.
- The state’s ability to invest in much-needed programs and services would be restricted, including SSI/SSP cash assistance for seniors and people with disabilities, subsidized childcare, and other safety-net programs.

Why Does CFPA Support Prop 55?

- Prop. 55 offers a fair and equitable revenue solution to help fund critical education and health programs, including child nutrition programs and Medi-Cal.
- Prop. 55 advances efforts to secure a state budget that can invest in initiatives and services that benefit the health and well-being of low-income Californians.
- By extending only the personal income tax rate for very-high-income earners and allowing the Prop 30 sales tax to expire, Prop 55 removes a tax burden on low- to middle-income earners.
- Prop 55 prevents future cuts to education, nutrition and health programs.

What can you do?

- Learn more about Prop. 55
 - Legislative Analyst’s Office analysis. [link](#)
 - California Budget & Policy Center analysis. [link](#)
 - “Yes on 55” website. [link](#)
- Join us by voting “Yes” for Prop. 55 on November 8, 2016.
- Spread the word about Prop. 55 or volunteer to support the measure.

Questions? Contact Tracey Patterson at 510.433.1122 x101