



California Federation of Teachers
American Federation of Teachers, AFL-CIO

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**Response to Governor's May Budget Revision
Educators Call for New Revenues to Fund Education
and Vital Services**

*Repeal Yacht Owners' Tax Break,
Reinstate Top Income Tax Bracket*

SACRAMENTO - The California Federation of Teachers (CFT) today said the proposed budget for schools and other vital public services will impede efforts to provide high-quality education, and proposed that new progressive tax revenues be enacted to protect education funding.

"The governor's budget revision tries to protect education, but lacks the funding to do it," said CFT President Marty Hittelman. "Selling bonds based on future lottery proceeds postpones some of the hurt but shifts the burden to adequately fund education and other vital services into the near future.

"It's time to restore the top income tax bracket and close loopholes like the yacht owners' tax break. Restoring the top income tax brackets makes good fiscal sense. The wealthy have long expressed the willingness to help pay for California's schools," said Hittelman, "but politicians have lacked the political courage to lead that effort,"

"Shifting the bulk of the cuts to health and human services is a disguised cut to education. These programs aren't isolated from schools. Our students need to come to school ready to learn, and they can't do that hungry or sick."

"School kids did not cause this crisis," said Hittelman. "Their teachers and school staff are being confronted with uncertain futures. It's time to put in place a fair, stable and progressive funding source for education and other vital services."

California Federation of Teachers News Release – Revised budget lacks stable, progressive revenue for education and vital services, May 14, 2008, page 2

“The people of California rely on their schools and other vital public services,” said Hittelman. “A progressive tax policy that asks the people who have benefited the most from living in California to pay their fair share is a reasonable alternative to massive program cuts.”

There are numerous potential funding sources that can lift California from near the bottom of the states in providing school funding. The revenue options below would raise an estimated \$10.4 billion per year:

- Reinststate the vehicle license fee (\$6 billion per year)
- Re-assess non-residential real property (\$3 billion per year)
- Limit mortgage interest deductions to \$50,000 in interest (\$47 million per year)
- Require that large corporations file as corporations, not “S” type partnerships (\$500 to 600 million per year)
- Enact severance tax on oil produced in California (\$800 million per year)
- Close tax loophole for luxury boats and planes exchanged in Mexico (\$55 million)
- Extend sales tax to Internet purchases (\$20 million)

For more information about CFT’s policy proposals, please visit www.cft.org

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