

Reason Foundation

**California Voters' Guide:
November 2012 Ballot Propositions**

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Executive Summary

It is election season and that means Californians once again face a daunting package of ballot questions on difficult public policy issues. This year's initiatives cover a wide range of topics including taxes, campaign contributions, criminal justice, budget reform, food labeling and much more. As has been the case in years past, the ballot measures are not always as straightforward as they first appear. Some are grounded on questionable assumptions and value judgments. Others, despite admirable motivations, would nevertheless lead to unintended or unforeseeable adverse consequences. Some of these initiatives would empower the government to restrict individual freedom and choice in the name of uncertain benefits. And several would further burden California taxpayers by dramatically expanding the size and scope of state government.

California's unemployment rate is at 10.7 percent (as of July data), and the current state budget is already billions in the red due to shortfalls in tax collections. Voters are going to have to look seriously at the choices these initiatives represent.

The nonprofit and nonpartisan Reason Foundation evaluated the 11 initiatives on this year's ballot. We provide a "plain English" summary of the arguments for and against each proposition, some information on supporters and opponents and funding of the campaigns, and some discussion of what Reason judges voters should think about when deciding on each proposition.

Here, in brief, is the free minds and free markets perspective on each proposition.

Proposition 30: Governor Brown's Temporary Sales and Income Tax Increase

A constitutional amendment that increases the state sales tax increase to 7.5% for 4 years and raises income taxes on the wealthy for 7 years to bring in an additional \$6 to \$9 billion each year.

- It does not guarantee more education funding. While Prop. 30 funds are dedicated to education, all the other funds in the education budget are not, so Sacramento can, as it has before, *shift other money out* of the education budget to displace incoming Prop. 30 funds.

- The 2012-2013 California budget is a record breaking \$142.4 billion. Why, with record spending overall, is Sacramento cutting school funding? Sacramento doesn't need more money; they need to prioritize.
- Few things could be more harmful to the economy than raising taxes on millions of small businesses, as Prop. 30 does. When businesses have to pay more taxes, they hire fewer people and/or raise prices. California already has among the highest taxes in the nation.
- Why put more money into a system that doesn't use the money it has well? Less than 50% of K-12 funding goes into the classroom, the rest to administration and overhead. And at the University of California, in recent years while faculty grew by 33%, senior managers increased by 194% percent! If we give them more money, more money will go to administration and bureaucracy, not into classrooms.

Proposition 31: State Budget and Funding Reforms

A bundle of budget and spending reforms, notably including shifting to a two-year budget instead of an annual budget, requiring cuts or new funds to balance any new spending, letting the governor make spending cuts in a fiscal emergency, requiring performance reviews and measures for state and local budgets, and publication of all bills at least 3 days prior to a vote.

- California does have a big problem with lack of oversight of spending programs, and hence with a lack of results. This would give the legislature the opportunity to conduct more oversight.
- Performance measures and reviews for budgets does bring new transparency to the process and makes it easier for voters, media, and watchdogs to understand where money is going and what is being done with it.

Proposition 32: Restrictions on Union and Corporate Campaign

Contributions and Payroll Deductions for Political Funding

Prohibits unions, corporations and government contractors from contributing to candidates and their committees and from automatically deducting money from worker's paychecks to use for political purposes.

- Contribution restrictions are not best way to solve the problem of special interest politics, but they can have some effect.
- This initiative will likely not reduce spending on campaigns, but will shift much of it to indirect expenditures, which candidates do not control.
- This will force unions to convince members to donate to political efforts, rather than rely on default giving, so unions may have fewer resources to spend on politics.
- It will severely restrict the "pay to play" practice of government contractors giving to campaigns of officials who decide on contracts.

Proposition 33: Auto Insurance Based on Driver's History of Insurance

Coverage

Allows insurance companies to offer customers switching from other companies a type of good customer discount for continuous coverage.

- It is ridiculous that the state decides what discounts an insurance company can and cannot offer. This is a step in the right direction of giving that discretion back to the companies.
- This will allow responsible people to pay lower rates. It may mean irresponsible people or those who chose not to insure to pay higher rates. That seems fair.

Proposition 34: Replace Death Penalty with Life in Prison

Replaces death penalty with life without parole. Applies retroactively. Requires murderers to work and pay restitution. Creates a new \$100 million fund for unsolved homicide and rape cases.

- California's death penalty is not working well. The average stay on death row is 20 years. It costs \$90k more per year for each death row inmate than for ordinary inmates.
- 140 people on death row have been exonerated. We *know* the system is imperfect and sometimes condemns innocent people. Death is permanent; life in prison offers a chance.
- The money saved by not having to hold people in very expensive death row conditions is better used elsewhere.

Proposition 35: Increased Punishment for Human Trafficking

Increases punishments for people convicted of human trafficking. Makes sex traffickers register as sex offenders and requires registered sex offenders to disclose their Internet accounts.

- This does address a gap in the law around kidnapping and sex with minors that can allow traffickers to avoid prosecution.
- Making prostitution legal would substantially decrease incentives to traffic, and would free up lots of police resources for human trafficking.
- Unfortunately, since this bill could easily include consensual adult prostitution, it would undermine the usefulness of the sex offender registry.

Proposition 36: Reform of Three Strikes Law

Changes Three Strikes so that criminals get a life sentence only when the third strike is "serious or violent" or is a certain kind of sex, drug or firearm offense. Allows resentencing some three-strikers whose third strike was not serious or violent, unless one of their strikes was for rape, murder or child molestation. Non-violent third-strikes would be punished with double the normal sentence for the crime committed.

- This initiative still punishes repeat offenders much more than first-time offenders. Three strikes appears to have reduced crime; will heavier sentences do as well?
- Life sentences do cost a lot. So does crime by recidivists.
- Things would be different if California did not have a 75% recidivism rate. California needs to focus on that more than how to lock more people up. Learn from other states that have much lower recidivism.

Proposition 37: Labeling of Genetically Engineered Foods

Requires labeling of foods with GMOs. Prohibits labeling or advertising such food as "natural." Exempts labeling foods that are "certified organic," even if they do contain GMOs.

- GMOs are safe. Without exception, serious studies find GMOs do no harm, including reports by the International Council for Science, the American Medical Association and the World Health Organization.
- The many and bizarre exemptions to the labeling rule show this is not really about providing consumers with information, but rather about forcing some selected food producers to label their foods with a frightening label.
- The FDA argues that there is no scientifically valid process for determining if food contains GMOs or not, so it is unclear how this bill could be implemented.

Proposition 38: Tax Increase for School Funding

Increases income taxes on most Californians for 12 years to raise about \$10 billion a year earmarked for schools and early childhood development.

- It does not guarantee more education funding. While Prop. 38 funds are dedicated to education, all the other funds in the education budget are not, so Sacramento can, as it has before, *shift other money out* of the education budget to displace incoming Prop. 38 funds.
- The 2012-2013 California budget is a record breaking \$142.4 bn. Why, with record spending overall, is Sacramento cutting school funding? Sacramento doesn't need more money, they need to prioritize.
- Few things could be more harmful to the economy than raising taxes on millions of small businesses, as Prop. 38 does. When businesses have to pay more taxes, they hire fewer people and/or raise prices. California already has among the highest taxes in the nation.
- Why put more money into a system that doesn't use the money it has well? Less than 50% of K-12 funding goes into the classroom, the rest to administration and overhead. And at the University of California, in recent years while faculty grew by 33%, senior managers increased by 194% percent! If we give them more money, it will go to administration, not into classrooms.

Proposition 39: Tax Increase on Multistate Businesses and Funding Clean Energy

Requires multistate businesses to pay about \$1 billion per year more taxes in California by removing a current loophole. Half of revenues go to green energy programs.

- Taxing business has a direct effect on job creation. This tax will reduce jobs.
- Taking money from companies that are producing jobs and growth and giving it to ones that require subsidies to grow does not create jobs.
- Did we learn nothing from Solyndra?

Proposition 40: Redistricting State Senate Districts

A yes vote confirms the Citizens Redistricting Commission boundaries. A no vote overturns them and sends to courts to redraw.

- The people who wanted voters to vote NO on this withdrew. All parties want a YES vote on this initiative.

Introduction

It is election season and that means Californians once again face a daunting package of ballot questions on difficult public policy issues. This year's initiatives cover a wide range of topics including taxes, campaign contributions, criminal justice, budget reform, food labeling, and much more. As has been the case in years past, the ballot measures are not always as straightforward as they first appear. Some are premised on questionable assumptions and value judgments. Others, despite admirable motivations, would nevertheless lead to unintended or unforeseeable adverse consequences. Some of these initiatives would empower the government to restrict individual freedom and choice in the name of uncertain benefits. And several would further burden California taxpayers by dramatically expanding the size and scope of state government.

California's unemployment rate is at 10.7 percent (as of July data), and the current state budget is already billions in the red due to shortfalls in tax collections. Voters are going to have to look seriously at the choices these initiatives represent.

The nonprofit and nonpartisan Reason Foundation evaluated the 11 initiatives on this year's ballot. We provide a "plain English" summary of the arguments for and against each proposition, some information on supporters and opponents and funding of the campaigns, and some discussion of what Reason judges voters should think about when deciding on each proposition.

Proposition 30: Governor Brown's Temporary Sales and Income Tax Increase

Proposition 30 is a state constitutional amendment that would temporarily increase state taxes in order to raise an additional \$6 to \$9 billion each year for state government. The state sales tax for all Californians would increase to 7.5% for four years. New income taxes would be imposed on wealthier Californians for seven years.

Fiscal Impact

The Legislative Analyst's Office estimates the tax increases in Proposition 30 would generate additional state revenues of about \$6 billion annually from 2012–13 through 2016–17. Smaller amounts of additional revenue would be available in the current year and in 2017-19.

Arguments for Proposition 30

Supporters of Prop. 30 argue that school funding has been cut over several years now and that many teachers have been laid off. The current budget calls for nearly \$6 billion in cuts to school spending in the coming year if Prop. 30 does not pass, leading to tuition hikes and more teacher layoffs. If it does pass it will help balance the budget, and that \$6 billion will be spent on smaller class sizes, up-to-date textbooks and rehiring teachers.

They also argue that some Prop. 30 tax revenues go to guaranteed public safety funding (the State Constitution prevents the legislature from spending the money on other things). This, they say, will help keep cops on the street.

Supporters defend the idea of tax increases, arguing they are temporary, balanced and necessary. That funding is needed for schools and public safety. Moreover, the Prop. 30 temporary increases in personal income taxes only effect the highest earners, and this temporary sales tax increase is smaller than the one by the legislature that expired last year. So people won't be paying more sales tax next year than they were last year. In fact, sales tax will be at a rate lower than it was last year.

The money will be protected from politics, according to supporters, with all funds placed in a dedicated account that the legislature cannot touch and which is audited every year to ensure the money is spent on education and public safety.

Key Supporters of Proposition 30

Website: <http://yesonprop30.com/>

Gov. Jerry Brown	League of Women Voters of California	California Democratic Party
California Teachers Association	California State Council of Service Employees (SEIU)	California School Employees Association (CSEA)
American Federation of Teachers (AFT)	California Federation of Teachers (CFT)	

Largest Donors to Yes Campaign as of October 1, 2012

California Teachers Association	\$7,739,080	PACE of California School Employees Association	\$1,500,000
American Federation of Teachers	\$3,858,700	Democratic State Central Committee of California	\$1,046,172
SEIU/California State Council of Service Employees	\$6,471,858	California Nurses Association	\$1,003,669
California Association of Hospitals and Health Systems	\$2,000,000	United Brotherhood of Carpenters	\$1,000,000

Arguments Against Proposition 30

Opponents of Proposition 30 argue that it is a massive tax increase that will take as much as \$50 billion dollars from state taxpayers over the next seven years. Moreover, they argue that Prop. 30 has three major flaws.

First, they argue that Prop. 30 does not guarantee any new spending on schools because in balancing the budget the state can shift *other* funds out of the school budget. So what they give to schools in new Prop. 30 funds they can take away from property tax or other funds.

The second flaw, opponents argue, is that Prop. 30 contains no reforms to how state education funds are spent even though research from Pepperdine University has show that up to 50 percent of the money we spend on education in California never gets to the classroom, but is consumed by administration and bureaucracy. They argue that rather than raise taxes, the government needs to fix things so that education money goes to the classroom.

Opponents of Prop. 30 say the third big flaw is the devastating impact it will have on taxpayers, jobs and the economy. They point out that California already has the highest state sales taxes in the country and that sales taxes hit everyone, no matter what their income. Furthermore, the income tax increases will affect many small businesses because many of them pay individual taxes on their earnings, not corporate taxes. Small businesses with more than \$250,000 in sales may have to pay up to 30 percent higher taxes.

Opponents argue that those two taxes combined will force families to cut spending and force small businesses to cut jobs or move out of the state, and that this will be devastating to a state economy already facing high unemployment and slow growth.

They also argue that there are thousands of state programs besides education and public safety—many bureaucracies, commissions and boards—that could be cut to avoid tax increases or cutting school budgets. To opponents of Prop. 30, state leaders are simply threatening schools to bully voters into going along with harmful tax increases.

Key Opponents of Proposition 30

Website: <http://www.stopprop30.com/>

Howard Jarvis Taxpayers Association	National Federation of Independent Business California	Small Business Action Committee
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Largest Donors to No Campaign as of October 1, 2012

Small Business Action Committee	\$710,000	Jon Cox	\$100,000
Howard Jarvis Taxpayers Association	\$389,220	Errotabere, Inc	\$100,000
Charles B. Johnson	\$200,000	George Hume	\$100,000
Jerrold Perenchio	\$200,000		

Discussion of Proposition 30

Using threats to cut school funding is an old political trick in California. Californians have shown over the years that they think education spending is a top priority for the state, and sometimes state leaders take advantage of that. Proponents of Prop. 30 are trying to take advantage of the fact that most people are not government budget experts, with a nifty shell game to fool them that the tax increases will increase school funding.

The current state budget basically counts on around \$6 billion in new funds from Prop. 30 to go to education. Then lawmakers pull about \$6 billion in *other* funds out of education and spend it elsewhere, mostly to meet state worker pension obligations. They can do the same in every budget year. The fact is that raising taxes by \$6 billion with Prop. 30 will not in any way guarantee more funds for education.

It is true that Prop. 98, which was approved by voters years ago to ensure that a percentage of all new state revenue goes to education, *should* mean that a big chunk of Prop. 30 tax revenue goes to schools. But in the last ten years the state has "deferred" nearly \$10 billion of state revenue that was supposed to go to schools under Prop. 98. So even when we think we are voting to tie

the government's hands on how they spend our tax money, they seem to find ways around it. The problem is that Sacramento is not making education a budget priority.

Consider that Gov. Brown himself told the editorial board of the San Francisco Chronicle in March that the competing tax increase, Prop. 38, is bad because it earmarks the money it would raise for education and will therefore do nothing to alleviate California's overall multibillion-dollar budget deficit. What he is actually saying is that his Prop. 30 tax increase *will* alleviate the budget deficit, apparently because it is not really earmarked to education.

Voters need to consider the fact that California's leaders have a spending addiction. If the Prop. 30 tax increases pass, the state will set a record high for total state budget spending in 2012: \$142.4 billion, which surpasses the \$138 billion from 2007-2008. And even though Californians have repeatedly made it clear that education should be a top priority in the state budget, in a record breaking large budget Sacramento is threatening cuts to education spending. Lawmakers consistently show they want to spend more on things other than education. As well as deferring nearly \$10 billion in Prop. 98 funds that were supposed to go to education, they have let general fund spending fall by 11 percent since 2007-2008 to \$91 billion, while increasing special fund spending by more than 47 percent over the same period, from \$26.7 billion to \$39.4 billion. Since Prop. 98 requirements for education spending don't apply to special funds, this maneuver served to cut education spending. If the general fund shrinks then Proposition 98 revenue for K-12 and community colleges shrinks as well.

In a time of very slow economic recovery, taking billions from consumers and businesses to fuel record-breaking state spending is an incredibly bad idea. Tax increases are no way to grow jobs and the economy. Moreover, state tax revenue is already about \$3 billion short of what the Brown administration projected in June. For several years in a row the state budget has overestimated how much tax revenue will come in, and how much more will be brought in by higher taxes. That is because high taxes compared to other states are making California less competitive and are depressing the state economy.

Spectrum Locations Consultants (SLC) recorded that 254 California companies moved some or all of their work and jobs out of state in 2011, 26% more than in 2010. SLC President Joe Vranich considers California the worst state in the nation to locate a business and Los Angeles

the worst city to start a business. His work with clients has found that leaving Los Angeles for another surrounding county can save businesses 20% of costs. Leaving the state for Texas can save up to 40% of costs.

Finally, since education spending has become the rhetorical lynchpin of Prop. 30, voters need to consider if they want more of their money to go into a system that refuses to reform, and where increases in spending are overwhelmingly being consumed by administration, not going to teachers and classrooms and instruction.

The latest analysis of state K-12 education spending by Pepperdine University's Davenport Institute is pretty damning. The percentage of funding going to direct classroom expenditures has been falling. Less than 50 percent goes to teacher salaries and benefits. Per student spending on administrators grew twice as fast as spending on teachers. Indeed, spending on staff travel and conferences grew faster than spending on teacher salaries!

The story is equally bad in higher education. Salaries in student services and institutional support have grown twice as fast as instructor's salaries. Worse, from 1994-2009 University of California faculty increased 33 percent, while the number of senior managers increased 194 percent. There are now more managers at the University of California than faculty.

Tax increases right now will hurt taxpayers, stunt job growth, and feed Sacramento's spending addiction. Additional education funding will only continue to feed bad decisions to invest more in administration and managers than in classrooms and instruction.

Proposition 31: State Budget and Funding Reforms

Proposition 31 is a state constitutional amendment with a bundle of changes to the budget and spending process of state government, specifically:

1. Shifts the state to a two-year budget instead of an annual budget.
2. Sets rules requiring the legislature to make spending cuts or raise new revenue to balance any new expenditures after a budget is enacted.
3. Allows the governor to make spending cuts in a fiscal emergency if the legislature does not.
4. Requires performance reviews of all state programs and mandates state and local government to start using performance measures for programs that are funded in their budgets.
5. Requires publication of all bills at least three days prior to a vote by the state Senate or Assembly.
6. Lets counties alter state statutes or regulations related to spending unless the state legislature or a state agency vetoes those changes within 60 days.

Fiscal Impact

The Legislative Analyst's Office estimates that Prop. 31 will have a small fiscal impact of shifting about \$200 million a year in sales tax revenue from the state to some local governments.

Arguments for Proposition 31

Supporters of Prop. 31 argue that it does not raise taxes, increase costs to taxpayers or set up any new government bureaucracy, but simply changes the way budgeting and spending is done in an effort to force state politicians to live within their means.

They argue that under current budget and spending rules hundreds of millions of dollars every year are wasted that could be better used for local schools, law enforcement and other community priorities. Prop. 31, they say, makes key changes to help prevent these problems.

Supporters point out that the legislature tends to authorize new spending during the year that is not in the budget without figuring out where the money will come from. Prop. 31 would fix that by requiring that major new programs and tax cuts costing \$25 million or more must have a clearly identified funding source before they are enacted.

They also argue that too many state spending decisions happen without voter's knowledge or review. Accordingly, Prop. 31 gives voters and taxpayers critical information to hold politicians accountable. Prop. 31 supporters say its rules would make the legislative process more transparent by requiring all bills, including the budget, to be made public for three days in advance of a final vote.

Finally, supporters say that Prop. 31 will help make state spending more dependent on actual results than just politics. They say that changing the budget to a two-year cycle provides more chance for the legislature to perform oversight on spending and performance, and that Prop. 31 requires a review of every state program at least once every five years, along with mandating five year fiscal forecasts to allow for long term solutions. And they argue that oversight is strengthened by requiring state and local government to identify goals, demonstrate how spending supports these goals, and publicly report results with every budget.

Key Supporters of Proposition 31

Website: <http://www.accountableca.org/>

Nicolas Berggruen (a wealthy individual who is the driving force behind the Think Long Committee for California)	California Forward
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Largest Donors to Yes Campaign as of October 1, 2012

Nicolas Berggruen	\$1,557,587
California Forward	\$1,260,967

Arguments Against Proposition 31

Critics of Prop. 31 argue that it will lead to lawsuits and confusion, and that while we all want reform, Prop. 31 just adds bureaucracy and creates new problems. They say the restrictions and requirements on budgets and spending in Prop. 31 leave key decisions up to unelected bureaucrats and that those decisions that will be challenged in court year after year.

At the same time, critics argue that Prop. 31 will cost state and local government tens of millions of dollars for new budgeting practices, but that performance-based budgeting is more of a slogan than anything else, which has been tried before and not been shown to work. Meanwhile they say that Prop. 31 would prevent the state from adopting improvements to programs like education or increasing funding to schools even if it has the money to do so, unless it raises taxes or cuts other programs. And that it would prohibit the state from cutting one tax unless it raises another, even when there is a budget surplus.

Critics say Prop. 31 is open to abuse. That while the state is in financial distress, Prop. 31 takes \$200 million per year from state revenues to give to counties for experimental programs. At the same time, they argue, Prop. 31 allows local politicians to alter or override state health and environmental rules without a vote of the people, and without an effective way to prevent abuse.

Prop. 31 would also give too much power to the Governor, according to some critics, by giving him the power to make spending cuts in a fiscal emergency—cuts that would be hard for the legislature to overturn.

Opponents of Proposition 31

Website: There is not a “No on Prop. 31” campaign website.

California Federation of Teachers	Peace Officers Research Association of California	California School Employees Association
American Federation of State, County and Municipal Employees (AFSCME)	AFL-CIO	California League of Conservation Voters

Largest Donors to No Campaign as of October 1, 2012

AFSCME	\$91,831	Californians for Clean Energy and Jobs	\$50,000
Working Families Issues Committee (AFL-CIO)	\$80,000	California School Employees Association	\$25,000

Discussion of Proposition 31

California's budget and spending process is broken. For years now budgets have been months late, and have gone out of balance within weeks of being approved, while the legislature often adds spending part way through the year—all of which winds up forcing the state to borrow more and more to make ends meet. State lawmakers are demonstrably unable to live within their means.

Prop. 31 takes some significant and prudent steps that will help solve these problems.

Right now the legislature spends months debating each budget, then gets busy passing 1500–2000 laws each year, with barely any time spent determining whether the money they spend accomplishes what they say it will. A two-year budget cycle creates some time for the legislature to perform oversight on spending. And Prop. 31 requires them to set performance measure for programs and to consider how well the programs do at meeting goals when deciding on budgets for those programs. The same goes for local governments.

Just as important are requirements to make all of this information, as well as the actual laws the legislature passes, available to the public in advance of them being voted into law. Watchdog groups and citizens can't be involved and can't hold politicians accountable if they don't get to see laws until after they are passed.

Proposition 32: Restrictions on Union and Corporate Campaign Contributions and Payroll Deductions for Political Funding

Proposition 32 would prohibit unions, corporations, and government contractors from contributing to candidates and their committees and from automatically deducting money from worker's paychecks to use for political purposes.

Fiscal Impact

The Legislative Analyst's Office estimates that enforcement of Prop. 32 will cost around \$1 million each year.

Arguments for Proposition 32

Supporters of Prop. 32 say a lot of facts indicate that special interests, not voters, control Sacramento:

- 79% of campaign contributions made to California's legislators now come from donors who live outside their districts.
- Corporations, business associations, and unions gave \$89 million to state politicians' campaigns for the 2010 elections alone.
- On one day in February 2012, while the state budget was being negotiated, there were 18 fundraisers in Sacramento with a \$1000 minimum ticket price.
- 40% percent of proposed legislation was written by lobbyists and those bills were much more likely to pass the legislature.

Supporters argue that we need to cut off campaign contributions so that politicians will pay attention to the voters instead of catering to the special interests. The way to do that, they say, is by banning direct corporate and union contributions to candidates the same way federal law does for national candidates, and many other states currently do as well.

Supporters also argue that automatic payroll deductions for political spending fuels excesses by corporations and unions and gives *them* control of the agenda rather than the employees who actually provide the funding. Supporters say Prop. 32 will still preserve every employee's right

to contribute to campaigns directly by means other than payroll deduction (for example, by check or by monthly debit from an account or credit card), but ensures that those contributions are voluntarily authorized by the employee in writing each year.

Finally, supporters say that “pay to play”, where contributors are rewarded by government contracts, occurs at all levels of government and that Prop. 32 puts a stop to it by banning contributions from government contractors to elected officials who control the contracts awarded to them.

Supporters of Proposition 31

Website: <http://yesprop32.com/>

Citizens for California Reform	National Federation of Independent Business – California	Senator Gloria Romero (Ret.), East Los Angeles
Democrats for Education Reform (DFER)	John Arguelles, Retired CA Supreme Court Justice	George Shultz, Former U.S. Secretary of State
Howard Jarvis Taxpayers Association	Marian Bergeson, Former CA Secretary of Education	

Largest Donors to Yes Campaign as of October 1, 2012

American Future Fund	\$4,080,000	Lincoln Club of Orange County	\$168,633
Charles Munger, Jr.	\$992,204	William Oberndorf	\$150,000
Thomas M. Siebel	\$500,000	Protect Prop. 13 (Howard Jarvis Taxpayers Association)	\$125,000
William Bloomfield, Jr.	\$300,000	Robert J. Oster	\$101,000
Larry Smith	\$260,701	Frank E. Baxter	\$100,000
Jerry Perenchio	\$250,000	Timothy C. Draper	\$100,000
Citizen Power Campaign	\$230,317	William L. Edwards	\$100,000
B. Wayne Hughes	\$200,000		

Arguments Against Proposition 32

Opponents of Prop. 32 argue that it does not apply equally to all special interests. They say it does not restrict business Super PACs and independent expenditure committees from working to elect or defeat candidates and ballot measures. They argue that if Prop. 32 passes, Super PACs,

including committees backed by corporate special interests, will become the major way campaigns are funded.

They also argue that Prop. 32 does not restrict corporations as much as proponents say because it exempts thousands of big businesses, which aren't technically "corporations," but rather other forms of business structure. Moreover the restriction on using payroll-deducted funds for political purposes hits unions much harder than corporations, they say, because 99 percent of California corporations don't use payroll deductions for political giving. But they would still be allowed to use their profits to influence elections.

Finally, opponents argue that Prop. 32 restrictions on withholding from employee paychecks for political purposes are not needed because they are already voluntary. They say it is unreasonable for Prop. 32 to prohibit payroll deductions for political purposes *even if* employees give permission, and make the same case against requiring written permission for voluntary contributions to be used for political purposes.

Opponents of Proposition 32

Website: <http://www.stopspecialexemptions.org/>

The California Labor Federation	California Teachers Association	California Faculty Association
California Common Cause	SEIU/California State Council of Service Employees	Peace Officers Research Association of California
California School Employees Association	American Federation of State, County and Municipal Employees (AFSCME)	California Labor Federation
California League of Women Voters	California Professional Firefighters	
California Democratic Party	California School Employees Association	

Largest Donors to No Campaign as of October 1, 2012

California Teachers Association	\$18,165,362	Peace Officers Research Association of California PAC	\$1,376,846
SEIU/California State Council of Service Employees	\$8,848,131	California Labor Federation (AFL-CIO/Change to Win)	\$1,372,431
AFSCME	\$3,142,892	California/American Federation of Teachers	\$800,000
California Professional Firefighters	\$2,602,580	International Association of Firefighters	\$500,000
California School Employees Association	\$1,601,347	Professional Engineers in California Government	\$500,000
California Faculty Association	\$1,530,146	Thomas Steyer	\$500,000

Discussion of Proposition 32

There is little doubt that California state politics and policies are driven to a large extent by special interests. They lobby the state government with great success to get more taxpayer money spent to their benefit, to restrict competition, and to exempt them from rules everyone else has to follow.

The most effective way to address that problem is by giving the state less power—less tax money to spend, and less power to restrict competition or arbitrarily pick winners. Restricting the money special interests spend on politics is much easier to conceive of, but it is not as effective. It is a bit like "whack-a-mole" because special interests always find a new way to influence politicians. That said, spending restrictions can have *some* effect.

Prop. 32 boils down to a few things.

First, it would prevent unions and corporations from giving directly to candidate's campaigns, but would not restrict them from spending the same money in the election itself in promoting any candidate. This probably wouldn't change the amount spent on elections, but it would give candidates less control over total spending in campaigns and less control of the messages that spending spreads.

Second, Prop. 32 would prevent government contractors from giving to politicians who make decisions about giving out government contracts. That is certainly a good idea, a way to avoid obvious conflicts of interest that verge on outright bribes.

Third, by banning automatic payroll deductions for political purposes, Prop. 32 would force unions to change how they raise money for politics. Right now they use money that is automatically taken from members' paychecks, and a member has to really buck the system—facing disapproval if not downright pushback from superiors in the union and peers as well—to go and ask that their money *not* be used for political purposes they may not agree with. Prop. 32 turns that around by saying unions cannot take it out of member's paychecks, even if the member agrees, but that instead members have to go and voluntarily contribute to the union's political funds. They can still do it automatically with a monthly charge from their credit card or bank account. This means unions will have to actively seek money for political purposes from their members, rather than expect it from them as a matter of course.

Corporations don't typically rely on payroll deductions for political purposes, so it would not have much effect on how they fund those activities.

You can see from the vast sums the unions are spending to oppose Prop. 32 whose ox it gores. The changes for corporations will be minor, other than those who are government contractors. But the changes for unions will be substantial. It's not that they could not spend as much on politics under Prop. 32 as before, but rather that they will have to change their ways to get it. Right now they get money for politics from almost every single member, because members know if they want the benefits of union membership, or they have to be a member to hold their job, that trying to opt out of the political part of how their union dues are used only invites ostracism and can stunt their career. When unions have to *convince* members to contribute to political spending the bar is raised considerably and experience shows they cannot raise nearly as much money from their members for politics as before.

Proposition 33: Allowing Auto Insurance Discounts Based on Driver's History of Insurance Coverage

Proposition 33 allows insurance companies to offer customers switching from other companies a type of good customer discount if they can prove they kept their insurance coverage for the last five years. Current law only allows them to give those discounts to their own customers.

Fiscal Impact

The Legislative Analyst's Office found no fiscal effects.

Arguments for Proposition 33

Supporters of Prop. 33 argue that it will let people shop for a better insurance deal. They say it will allow people who are responsible and keep their insurance current for five years or more to get a discount from whichever company gives them the best deal, not just their current insurance company. Current law does not allow those discounts except from people's current insurance company. So supporters argue that Prop. 33 makes insurance companies compete, helps lower rates, and thus will mean more drivers get insurance.

They also argue that military groups support Prop. 33 because active military members will get to keep their discounts even if they stop insurance while they are deployed overseas. They say similar provisions apply to the unemployed, who can let insurance lapse for 18 months because of layoff or furlough and still qualify for a discount.

Prop. 33 will encourage more people to get insurance, reducing the problem of uninsured drivers because it makes it easier to earn the continuous coverage discount, supporters argue. And they say it increases competition among companies because people can more easily switch (they don't lose their discount anymore) and that drives down insurance rates even more.

Supporters of Proposition 33

Website: <http://www.yesprop33.com/>

American Legion	Peace Officers Research Association of California	Jim Brulte, Former Republican Senate Minority Leader
Veterans of Foreign Wars (VFW) of California	CDF Firefighters Local 2881	California Republican Party
American GI Forum	California Association of Highway Patrolmen	Former Lieutenant Governor of California, Cruz Bustamante
California Hispanic Chambers of Commerce	Senator Juan Vargas, Former Chair of the Assembly Insurance Committee	Don Perata, Democratic leader and former California Senate President pro Tempore
The Greenlining Institute	Willie Brown, Former Democratic Speaker of the Assembly	

Largest Donors to Yes Campaign as of October 1, 2012

George Joseph, Chairman, Mercury General Insurance	\$8,422,126
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Arguments Against Proposition 33

Opponents of Prop. 33 argue that it will allow insurance companies to raise rates for people who don't qualify for a continuous coverage discount at the same time as they give discounts to those who do, and that the increases are likely to be more than the discounts. So it is just a way for insurance companies to make more money, they say.

Moreover, they say that current law does not allow insurance companies to charge people more because they previously did not have insurance coverage, and that allowing them to do so will make insurance less affordable for some and lead to more uninsured drivers. They argue that it is unfair to charge more for insurance for people who decided to go without insurance for a while due to college, residence in a transit-rich city, unemployment, sickness or another reason.

Opponents of Proposition 33

Website: <http://stopthesurcharge.consumerwatchdogcampaign.org/>

Consumer Watchdog	California Democratic Party	Campaign for Consumer Rights
Consumer Federation of California	Consumer's Union	Consumer Federation of California

Largest Donors to No Campaign as of October 1, 2012

Consumer Watchdog	\$40,616	Consumer Federation of California	\$17,430
Campaign for Consumer Rights	\$30,000	Chic Wolk	\$5,000

Discussion of Proposition 33

California has one of the most tightly regulated insurance markets in the nation, and while auto insurance rates in California are slightly below the national average, rates have been climbing in recent years and the state is tied for 8th place for the state with the most uninsured drivers.

It is odd that the state forbids insurance companies from offering a discount if you are good customer and are responsible about keeping your insurance up. It also seems quite logical that someone who is responsible about maintaining insurance and maintains a safe record with years of coverage should pay less than someone who does not—they are clearly demonstrating that they are less of a risk.

The opponents' arguments completely ignore the fact that insurance is a competitive market, that companies can't just raise rates for people who don't keep continuous coverage because they have to compete for customers. Offering discounts to customers who show they are lower risk and more likely to remain insured is an easy way to compete. Raising rates on people you are less sure about is tricky if it drives them to a competitor. It is like if an appliance store offered a discount to customers who buy the extended warranty—maybe a good way to win some customers. But if they added a surcharge to the sticker price for customers who don't buy the extended warranty, customers would go to another store.

Prop. 33 would increase competition among California insurance companies and allow people more opportunity to shop for better insurance deals.

Proposition 34: Replace Death Penalty with Life in Prison

Proposition 34 will eliminate the death penalty in California and replace it with life in prison without the possibility of parole. It will apply retroactively to persons already sentenced to death. It also requires persons found guilty of murder to work while in prison, with their wages to be applied to any victim restitution fines or orders against them. It will create a \$100 million fund to be distributed to law enforcement agencies to help solve more homicide and rape cases.

Fiscal Impact

The Legislative Analyst's Office estimates that the state and counties will save around \$100 million a year on murder trials, death penalty appeals, and prison costs in the first few years, growing to about \$130 million annually thereafter. The LAO says this estimate could be higher or lower by tens of millions of dollars, largely depending on how the measure is implemented. There is also a one-time state cost totaling \$100 million for grants to local law enforcement agencies to be paid over the next four years.

Arguments for Proposition 34

Proponents of Prop. 34 argue that most people think the death penalty is cheaper than life without parole, but that this is just not true. They point out that the Legislative Analyst's official report on Prop. 34 says California taxpayers will save \$130 million each year without releasing a single prisoner. They argue that death row inmates live in special housing (individual cells), and have special lawyers, exercise and visitor privileges and taxpayer-funded appeals that last for decades, all of which costs a lot more than an inmate serving a life sentence.

We pay lip service to restitution in California, supporters say, and Prop. 34 holds convicted killers accountable to pay for their crimes by working for wages that go to restitution and a victim's compensation fund.

At the same time, supporters argue that a shocking 46 percent of murders and 56 percent of reported rapes go unsolved in California each year. Why waste \$130 million dollars every year on the death penalty instead of using that money to bring more killers and rapists to justice and to protect our families. They argue that Prop. 34 sets aside \$100 million to solve more murder and rape cases.

A total of 140 innocent people have been exonerated after being wrongly sentenced to death in this country. Some innocent people have actually been executed. Replacing the death penalty with life in prison ensures we don't risk executing someone who is innocent.

Finally, supporters argue that justice requires accountability to survivors of murder victims. But the death penalty traps survivors in decades of mandatory appeals, forcing them to relive the trauma over and over. Life sentences without parole will usually bring this to an end once there is a conviction.

Supporters of Proposition 34

Website: <http://www.safecalifornia.org/>

Jeanne Woodford	Former warden of San Quentin State Prison and oversaw four executions
Gil Garcetti	Served 32 years in the District Attorney's office in Los Angeles
Franky Carrillo	Sentenced to prison at the age of 16 for a murder he did not commit and was found innocent after spending 20 years behind bars
Lorrain Taylor	Mother to twin boys, Albade and Obadiah, who were gunned down in 2000 at the age of 22. The killer is still at large.
Steven Fajardo	30 years of experience in law enforcement, beginning in East Harlem with the New York City Police Department and then moving to Oakland, CA
Ron Briggs	One of the people who wrote the 1978 Briggs initiative, which created California's death penalty as we know it today.
Don Heller	Helped write the ballot initiative that reinstated the death penalty in California in 1978

Largest Donors to Yes Campaign as of October 1, 2012

Nicholas Pritzker	\$1,000,000	Reed Hastings	\$250,000
The Atlantic Advocacy Fund	\$1,000,000	Nicholas McKeown	\$187,500
ACLU (various local groups)	\$682,673	Emerson Collective	\$150,000
Farfalla Trust	\$250,000	Robert Alan Eustace	\$125,000
M. Quinn Delaney	\$250,000	Stephen M. Silberstein	\$125,000

Arguments Against Proposition 34

Opponents of Prop. 34 argue that the death penalty is given to less than 2 percent of murderers whose crimes are so shocking that juries of law-abiding citizens unanimously delivered the sentence. Hence, they say, the death penalty is reserved for only the worst of the worst criminals

in our state—those who have killed cops, or raped and tortured children—and is an option that should be reserved for our communities to decide upon.

Opponents also argue that not imposing the death penalty on serial killers, cop killers, child killers, and those who kill the elderly is letting them escape justice. And they argue that when California’s death penalty was eliminated in the 1970s condemned criminals were released only to rape and kill again.

Finally, opponents of Prop. 34 say that the costs of the death penalty used by supporters are misleading and inflated. With life in prison there would still be lengthy appeals, expensive prison costs, and lifetime medical care for killers.

Opponents of Proposition 34

Website: <http://voteno34.org/>

Hon. Pete Wilson	Former Governor of California
Marc Klaas	Father of Polly Klaas, who was murdered when she was 12
Keith Royal	President of the California State Sheriffs’ Association
Carl V. Adams	President of the California District Attorneys Association
Kermit Alexander	Family was executed by a Los Angeles gang member
Ron Cottingham	President of the Peace Officers Research Association of California

Largest Donors to No Campaign as of October 1, 2012

Peace Officers Research Association of California PAC	\$159,467	Lisa Green for District Attorney 2014	\$5,000
Association for Los Angeles Deputy Sheriffs	\$20,000	Riverside County Deputy District Attorney's Association	\$5,000
Kern County Prosecutor's Association	\$10,000	Sacramento Police Officers Association PAC	\$5,000
Sacramento County Deputy Sheriff's Association	\$10,000	San Diego County District Attorney's Association	\$5,000
Riverside Police Officers Association	\$10,000		

Discussion of Proposition 34

It is hard to argue that the California death penalty works. Very few people are sentenced to death in California, and those who are spend an average of 20 years on death row. In the last two decades, on average one person has been executed in California every 1.5 years. And the costs of holding death row inmates in special conditions all those years, with continuous legal counsel and so on, is outrageous.

Worse, we know that on occasion an innocent person is convicted and given a death sentence. New technologies have allowed better analysis of evidence that has proved over a hundred people on death row nationwide to be innocent of the crimes for which they were to be executed. The justice system is not perfect, no system can be. With a life sentence, there is at least a chance that a mistake can eventually be discovered and rectified. With the death sentence, once executed, the innocent are forever dead. If the justice system is in fact about justice and not vengeance, there can be no greater injustice than the state killing an innocent person. It is not reasonable to argue that life in prison without parole is not justice.

The opponents of Prop. 34 let their emotions get the better of them in this debate. They keep arguing that the last time California didn't have a death penalty, condemned criminals were released to kill and rape again. They have been taking a beating in the media over this near lie about Prop. 34. When California for a few years in the 1970s didn't have a death penalty, it also did not have a life without parole sentence. So some condemned criminals were released, and one did commit murder again. But Prop. 34 is a switch from death to life without parole. No guilty murderer can be released from prison because of Prop. 34.

Finally, the cost issue is not trivial. The Legislative Analyst's Office is very good at fiscal impact analysis, and there is no reason not to believe their estimate of the costs savings of around \$100 million a year if Prop. 34 switches California from the death penalty to life without parole. It currently costs about \$90,000 more per year to keep an death row inmate in prison than it costs for other inmates, and those costs have been rising. The fastest growing segment of the state budget has been prisons. The death penalty is part of that cost where we are getting little benefit for our spending and creating a less just, not more just, system in the process.

Proposition 35: Increased Punishment for Human Trafficking

Proposition 35 would increase punishments for people convicted of human trafficking. Human trafficking is primarily the holding of women or girls against their will and forcing them into prostitution. The law would also make sex traffickers register as sex offenders and require registered sex offenders to disclose their Internet accounts.

Fiscal Impact

The Legislative Analyst's Office estimates that Prop. 35 would likely mean: (a) small increased costs of perhaps a few million dollars for prosecution and incarceration of human trafficking offenders; (b) potential one-time local government costs of up to a few million dollars total, and lesser additional costs incurred each year, to pay for human trafficking-related training for law enforcement officers required by Prop. 35; and (c) potential additional revenue from new criminal fines, likely a few million dollars annually, which would fund services for human trafficking victims and for law enforcement activities related to human trafficking.

Arguments for Proposition 35

Supporters of Prop. 35 argue that the prevalence and anonymity of the Internet has fueled the rapid growth of sex trafficking, making the trade of women and children easier than ever before. They say that California harbors three of FBI's most significant child sex trafficking areas in the nation—Los Angeles, San Francisco and San Diego—and that sex trafficking is growing.

To discourage and reign in human trafficking, and hold offenders accountable, supporters argue that we need the additional punishments in Prop. 35 and the training for law enforcement.

Supporters of Proposition 35

Website: <http://www.caseact.org/>

Chris Kelly, former chief of privacy at Facebook	California Democratic Party
California Against Slavery	California Republican Party
Safer California Foundation	Many law enforcement organizations

Largest Donors to the Yes Campaign As of October 1, 2012

Chris Kelly	\$2,060,000	Karen Yee	\$10,374
Police Officers Research Association	\$162,459	Daphne Phung	\$10,060
Crowley Children's Fund	\$21,500		

Arguments Against Proposition 35

Opponents of Prop. 35 say it will create the illusion of having fixed the problem when in fact it addresses the part of the problem where there is the least need. They argue that the best way to prevent human trafficking is a comprehensive approach that puts more emphasis on keeping kids from winding up trafficked rather than trying to find and punish offenders.

Opponents also argue that Prop. 35 will spill over into entirely voluntary sex trade as well. They say that anyone participating in the widespread practice of consensual prostitution among adults could, under Prop. 35, be prosecuted as a human trafficker and punished as a sex offender. They argue that if consensual adult prostitution was legal, open and above board, there would be far less exploitation and trafficking.

Opponents of Proposition 35

Website: There is no organized campaign against Prop. 35.

Exotic Service Providers Legal Education and Research Project	Perla Flores, a program manager at Community Solutions	Bernal Heights Democratic Club
Norma Jean Almodovar, a former police officer who has worked in the sex trade.	Harvey Milk LGBT Democratic Club	California Association for Criminal Justice
Starchild	California Council of Churches	Peace and Freedom Party
Cindy Liou, staff attorney at Asian Pacific Islander Legal Outreach	San Francisco Rising	

Largest Donors to No Campaign as of October 1, 2013

None

Discussion of Proposition 35

The supporters of Prop. 35 make a simple argument. Sex trafficking is involuntary, horrible, and it is happening, so let's increase the punishment for it and put more resources into catching offenders. And it does address a bit of a gap in the law since while one would think involuntary sex trafficking would involve either kidnapping or sex with a minor, trafficking actually tends to involve *manipulating* minors into prostitution. As a result, proving that anyone other than the person who has sex with the minor actually broke the law is difficult. This makes it difficult to punish the enterprise of trafficking effectively.

It would make sense to focus law enforcement on involuntary sex trade, especially involving children. Even more so if resources are diverted from consensual, victimless crimes like consensual adult prostitution, or possession of pot. Think of all the cops that would be freed up to look into child prostitution if they weren't trying to shame johns and catch prostitutes.

It is unfortunate that Prop. 35 uses the sex offender registry so casually as a punishment. Most people think that registered sex offenders are dangerous sexual predators that require the extra supervision and transparency the sex offender registry provides. But what they don't know is that many harmless offenses are included as sex offenses in California law as well. For example an adult couple caught having sex in their car on Lover's Lane and cited with public indecency are required to register as sex offenders. Prop. 35 may lead to many people who engage in consensual adult prostitution being added to the sex offender registry, making it harder and harder to use that tool to track truly dangerous sexual criminals.

Proposition 36: Reform of Three Strikes Law

Proposition 36 will change the three strikes law to impose life sentences only when the third strike is "serious or violent" or in the case of certain sex, drug or firearm offenses. It would allow resentencing of people serving life under the three strikes law if their third strike was not serious or violent, unless any one of their strikes was for rape, murder or child molestation.

Fiscal Impact

The Legislative Analyst's Office estimates that Prop. 36 would save money on prison and parole operations of \$70 million annually on an ongoing basis, with even higher savings—up to \$90 million annually—over the next couple of decades. But the savings could vary substantially depending on how the law is implemented. These estimates could be higher or lower by tens of millions of dollars depending on future state actions. There would also be one-time state and county costs of a few million dollars over the next couple of years for court activities related to the resentencing of certain offenders.

Arguments for Proposition 36

Supporters of Prop. 36 argue that it would restore the original intent of the Three Strikes law by requiring that life sentences be imposed for serious or violent crimes, but that repeat offenders who commit minor, non-violent crimes will receive double the ordinary sentence instead of life. They say that inmates currently serving life sentences for non-serious, non-violent crimes can apply for a new sentence, but the sentence can only be reduced if a judge determines that they are no longer an unreasonable threat to public safety, and that no rapists, murders, or child molesters are eligible for reduced sentences under Prop. 36 no matter how minor the defendant's third strike offense.

They say that the Los Angeles' District Attorney has de facto implemented this reform for a decade and that crime rates in Los Angeles have dropped to historic lows.

The U.S. Supreme Court has ordered California's overflowing prisons to release tens of thousands of inmates, so supporters say Prop. 36 will help ensure that there is room in our prisons for truly dangerous criminals and that the punishment fits the crime for non-violent offenses. They point out that Grover Norquist, President of Americans for Tax Reform, says

"Prop. 36 could save \$100 million every year... The Three Strikes Reform Act is tough on crime without being tough on taxpayers. It will put a stop to needlessly wasting hundreds of millions in taxpayers' hard-earned money, while protecting people from violent crime." And they say that the California State Auditor projects that taxpayers will pay millions to house and pay health care costs for non-violent Three Strikes inmates if the law is not changed.

Supporters of Proposition 36

Website: <http://www.yeson36.org/>

Steve Colley, LA County District Attorney	Jeffrey Rosen, Santa Clara District Attorney	Cory Booker, Mayor of Newark, NJ
Charlie Beck, LA Chief of Police	Equal Justice Initiative	Grover Norquist, President of Americans for Tax Reform
George Gascon, San Francisco District Attorney	Gloria Romero, former state Senator	
Bill Bratton, Former LA Chief of Police	Assemblyman Mike Davis	

Largest Donors to Yes Campaign as of October 1, 2012

George Soros	\$1,000,000	Peter Ackerman	\$100,000
David Mills	\$953,000	James S. Regan	\$50,000
NAACP Legal Defense Fund	\$175,000		

Arguments Against Proposition 36

Opponents argue that Prop. 36 is dangerous and would allow almost one-half of California's Three Strike prison inmates to be re-sentenced and released, 100 percent of whom have two or more serious or violent prior felonies. They say that changing the third strike requirement to also be serious or violent provides the opportunity for a repeat offender to impact yet more victims, while also stopping far fewer serious and violent criminals far later in their career.

They argue that when Three Strikes passed in 1994, California crime dropped in half, meaning half as many victims and half as many criminals, which also meant the state has not needed to build more prisons. In contrast, they say, Prop. 36 would take criminals so dangerous that a

District Attorney chose to charge them with a Three Strike offense, that a Judge agreed with DA's decision to charge, that a jury convicted them of that offense, and that a Judge imposed a 25-to-life prison sentence, and whose legal appeals were denied, and let those same criminals ask a different Judge to set them free.

Finally, opponents say that the projected savings of not locking up twice convicted serious and violent criminals forgets to take into account the cost of crime these repeat offenders represent during the short amount of time they are on the streets between arrest and convictions.

Opponents of Proposition 36

Website: <http://www.savethrestrikes.com/>

California Police Chiefs Association	Crime Victims United of California	Criminal Justice Legal Foundation
California State Sheriff's Association	Crime Victim Action Alliance	Klaas Kids Foundation
California District Attorneys Association	Citizens Against Homicide	
Henry T. Nicholas, III, author of California's Victims Bill of Rights	Justice for Homicide Victims	

Largest Donors to No Campaign as of October 1, 2012

Peace Officers Research Association PAC	\$100,000
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Discussion of Proposition 36

The crux of Prop. 36 is whether repeat offenders who are not murders, rapists, or child molesters and who commit a non-violent third strike should be punished by serving a life sentence or instead by serving double the usual sentence for their third strike crime.

Both punish repeat offenders more than first time offenders. It comes down to whether you think life in prison is the only way to prevent yet more crimes by these "career criminals."

It is too bad the discussion isn't more focused on why so many prisoners in California are in for victimless crimes, and why so many California criminals are repeat offenders. California locks up thousands of people each year for minor drug offenses. Alternative punishments and the

decriminalization of minor drug possession would do more to reduce strain on the prison system than three strikes reform. Moreover, about 75 percent of people who go to prison in California commit crimes again once they are released. That is one of the highest recidivism rates in the nation. Rather than the very expensive option of locking repeat offenders up for life, California should invest in efforts to effectively reduce recidivism.

Proposition 37: Labeling of Genetically Engineered Foods

Proposition 37 will require labeling of foods that are made using plants or animals with genetic material changed in specified ways. It would prohibit labeling or advertising such food as "natural." It would exempt from labeling foods that are "certified organic," or meet other special criteria, even if they contain genetically engineered material, as well as foods that contain genetically engineered material in certain other ways.

Fiscal Impact

The Legislative Analyst's Office estimates the state will have increased annual costs ranging from a few hundred thousand dollars to over \$1 million to regulate the labeling of genetically engineered foods. They also predict potential, but likely not significant, costs to state and local governments due to litigation resulting from possible violations of the requirements of this measure.

Arguments for Proposition 37

Supporters say Prop. 37 is a common sense measure that will help consumers make informed choices about the food they eat by requiring clear labels letting consumers know if foods are genetically modified. They say we already have food labels showing nutrition, allergy information and other facts consumers want to know and that this measure simply adds information telling us if food is produced using genetic engineering—information consumers don't have without such a labeling requirement.

Supporters argue that genetically engineered food is a plant or meat product that has had its DNA artificially altered in a laboratory by genes from other plants, animals, viruses, or bacteria in order to produce foreign compounds in that food, and that this type of genetic alteration is not found in nature and is experimental.

Genetically modified organisms (GMOs) have not been proven safe, and long-term health studies have not been conducted, opponents say, while studies have found negative health effects as well as environmental problems associated with the use of GMOs in crops and food.

They also argue that fifty countries around the world—representing more than 40% of the world's population—already require GMO labeling, including all of Europe, Japan, India and

China. And they say that labeling in those countries shows the costs are not significant and that concerns that Prop. 37 will lead to frivolous lawsuits are overblown.

Supporters of Proposition 37

Website: <http://www.carighttoknow.org/>

Organic Consumers' Association	The Institute for Responsible Technology
Nature's Path Foods	California Democratic Party

Largest Donors to Yes Campaign as of October 1, 2012

Mercola Health Resources	\$1,100,000	Clif Bar & Co.	\$100,000
Organic Consumers Fund	\$770,000	Great Foods of America	\$100,000
Nature's Path Foods	\$610,709	Annie's, Inc	\$50,000
Dr. Bronner's Magic Soaps	\$358,883	Cropp Cooperative (Organic Valley)	\$50,000
Wehah Farm (Lundberg Family Farms)	\$250,000	Michael S. Funk	\$50,000
Alex Bogusky	\$100,000	Nutiva	\$50,000
Amy's Kitchen	\$100,000		

Arguments Against Proposition 37

Opponents argue that Prop. 37 would ban the sale of tens of thousands of perfectly safe, common grocery products only in California, unless they are specially repackaged, relabeled or made with higher cost ingredients. They say that biotechnology has been used for nearly two decades to grow varieties of corn, soybeans and other crops that resist diseases and insects and require fewer pesticides, and that thousands of common foods are made with ingredients from biotech crops.

These rules would only apply in California, opponents say, banning foods here that are safe and readily available in other states. Meanwhile, they argue, the law is full of exemptions and loopholes that let some food producers avoid the requirements. They say Prop. 37's uneven requirements include:

- Requiring special labels on soy milk, but exempting cow's milk.
- Dairy products, eggs, meat and poultry are all exempt.

- Fruit juice requires a label, but an alcoholic beverage made with some of the same GMO ingredients is exempt.
- Food sold in a grocery store requires a label, but the same food sold in a restaurant is exempt.
- Food imported from China and other foreign countries are exempt if sellers simply claim their products are “GMO free”.

They say that if the point of the law is to make sure consumers know what is in their food, there would be no exemptions.

Finally, opponents of Prop. 37 argue that the cost of the new law will be significant in three areas. First, food producers will have to implement costly new labeling, packaging, distribution, recordkeeping and other bureaucratic operations, or to switch to higher-priced, non-GMO ingredients, either of which will mean hundreds of dollars per year in higher food costs for the average family. Second, the law will require state bureaucrats to administer its complex requirements by monitoring tens of thousands of food labels at tens of thousands of grocery stores, retail outlets, farms and food companies, with no limit on how much enforcement will cost. Third, the law creates a whole new class of opportunities for trial lawyers to sue family farmers and grocers without any proof of harm

Opponents of Proposition 37

Website: <http://www.noprop37.com/>

Monsanto Company	California Farm Bureau Federation	Neighborhood Market Association
E.I. DuPont de Nemours & Co	American Farm Bureau Federation	California Independent Grocers Association
Grocery Manufacturers Association (GMA)	Western Growers Association	California Retailers Association
California Small Business Association	National Association of Convenience Stores	California Business Roundtable
Dr. Henry I. Miller, a founding director of the Office of Biotechnology of the FDA	California Manufacturers & Technology Association	California Chamber of Commerce
California Grocers Association	Many Agriculture Organizations	Many Business Organizations

Largest Donors to No Campaign as of October 1, 2012

Monsanto	\$7,100,500	Coca-Cola North America	\$1,164,400
E.I. Dupont De Nemours & Co.	\$4,900,000	Conagra Foods	\$1,076,700
DOW Agrisciences	\$2,000,000	Syngenta Corporation	\$1,000,000
Bayer Cropscience	\$2,000,000	General Mills	\$908,200
BASF Plant Science	\$2,000,000	Del Monte Foods	\$674,100
Pepsico, Inc.	\$1,716,300	Kellogg Company	\$632,500
Nestle USA	\$1,169,400		

Discussion of Proposition 37

Proponents of Prop. 37 hinge their case on two assertions: GMOs are unsafe, and people want to know if GMOs are in their food.

The safety of GMOs is actually pretty hard to dispute. Without exception independent scientific evaluations of the safety of biotech crops in current use has concluded they are at least as safe as conventional crops. A 2003 report from the International Council for Science on behalf of 111 national academies of science and 29 scientific unions said, “Currently available genetically modified foods are safe to eat” and “There is no evidence of any ill effects from the consumption of foods containing genetically modified ingredients.” This year the American Medical Association's Council on Science and Public Health said that, “Bioengineered foods have been consumed for close to 20 years, and during that time, no overt consequences on human health have been reported and/or substantiated in the peer-reviewed literature.” And they further said that “Despite strong consumer interest in mandatory labeling of bioengineered foods, the FDA’s science-based labeling policies do not support special labeling without evidence of material differences between bioengineered foods and their traditional counterparts. The Council supports this science-based approach....” The World Health Organization is very direct; “No effects on human health have been shown as a result of the consumption of such foods by the general population in the countries where they have been approved.”

With regards to information, yes, people are fond of it and they tend to like having it handed to them rather than having to work to get it. Requiring labels sounds so simple, if you ignore the costs. But if providing consumers certainty about whether their food contains GMOs or not were

really the goal of Prop. 37, then it would not exempt so many types of food, notably organic food. It is quite obvious that organic food producers are backing Prop. 37 to impose expensive and onerous labeling requirements on their competitors while exempting themselves from the same rules, which does not help consumers to know more about what they are eating.

Having bureaucrats trying to decide what is and is not GMO, what is and is not properly labeled, what consumers do and do not want to know, all subject to constant lobbying by special interests and no objective scientific process is a recipe for failure. Consumers who care about whether or not there are GMOs in their food should be free to buy foods free of GMOs and food companies who make GMO free food should be able to cater to them. Likewise, stores could specialize in offering shelves of non-GMO foods. Instead, the government gets involved and the distinction becomes arbitrary. The FDA says that labeling foods as *either* "GMO Free" or "contains GMO" can't be done with scientific certainty. So how will California make that determination? Not with scientific certainty, it seems, and thus the opponents are correct that this will be fertile ground for trial lawyers and their lawsuits.

Proposition 38: Tax Increase for School Funding

Proposition 38 would increase income taxes on most Californians for 12 years to raise about \$10 billion a year earmarked for schools and early childhood development programs.

Fiscal Impact

The Legislative Analyst's Office says that Prop. 38 would increase state personal income tax revenues from 2013 through 2024, with increases of roughly \$10 billion in 2013–14, tending to increase over time. The 2012–13 increase would be about half this amount. In each of the initial years, about \$6 billion would be used for schools, \$1 billion for child care and preschool, and \$3 billion for state savings on debt payments. From 2017–18 through 2024–25, the shares spent on schools, child care, and preschool would be higher and the share spent on debt payments lower.

Arguments for Proposition 38

Supporters of Prop. 38 argue that political leaders from both parties have cut school budgets by \$20 billion since 2008, leading to layoffs of over 40,000 educators and California having the largest class sizes in the nation.

They say that Prop. 38 will bring \$10 billion a year in new state revenues for schools, money that can be used to rehire teachers and provide a well-rounded education that includes math, sciences, art, gym, college preparation, vocational and technical education to improve academic performance and graduation rates. Moreover, they say the money will be protected in a trust fund that Sacramento politicians can't touch and that it distributes the money evenly on a per-child basis to every public school. It would also allow local control and require input from parents and teachers to decide how the money is spent, while also mandating that school districts publicly disclose how the new funds were spent at each school and whether student results were improved.

Everyone benefits from better schools, supporters argue, so it makes sense that everyone helps to pay. Moreover, Prop. 38 is based on ability to pay so that people with incomes over a million dollars would pay an average of \$77,000, while people with incomes of between \$25,000 and \$50,000 would pay an average of just \$54 a year.

Supporters of Proposition 38

Website: <http://www.prop38forlocalschools.org/>

Molly Munger	California State PTA
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Largest Donors to Yes Campaign as of October 1, 2012

Molly Munger	\$27,978,399	Del Sol Group, Inc.	\$15,000
George Joseph	\$195,000	Mary Adams O'Connell	\$10,000
Atlas Family Trust	\$25,000	Louise Patterson	\$10,000

Arguments Against Proposition 38

Opponents argue that Prop. 38 is a massive tax hike on all Californians, and that if you earn \$17,346 or more per year in taxable income, it raises your California personal income tax by as much as 21%, on top of what you pay the Federal government. And worse, they say, the taxes stay in place for 12 years even if there are no reforms to the education system to improve how the money is used or allow the firing of bad teachers. Why, they argue, put more money into a failing system that refuses to reform? They say too much money will continue to be spent on administration, consultants, pensions, benefits and overhead and too little will be spent in the classroom.

Approximately 3.8 million Californian small businesses pay individual taxes on their earnings, rather than corporate taxes, opponents argue, and they will have to pay higher taxes under Prop. 38, which will prevent them from hiring and creating jobs. Instead, they say, Prop. 38 will force family businesses to cut jobs, move out of state, maybe even close, or else pass the higher costs on to consumers.

Opponents of Proposition 38

Website: <http://www.stopthemiddleclasstaxhike.com/>

California Chamber of Commerce	California Republican Party
California Business Roundtable	California Democratic Party

Largest Donors to No Campaign as of October 1, 2012

California Chamber of Commerce	\$23,500
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Discussion of Proposition 38

Prop. 38 is very similar to Prop. 30—both are big tax increases that promise more money for schools. If both pass, the one that gets the most votes goes into effect. The analysis of Prop. 38 is therefore very similar to that of Prop. 30.

Using threats to cut school funding is an old political trick in California. Californians have shown over the years that they think education spending is a top priority for the state, and sometimes state leaders take advantage of that. Proponents of Prop. 38 are trying to take advantage of the fact that most people are not government budget experts with a nifty shell game to fool them into thinking the tax increases will increase school funding.

If Prop. 38 provides \$10 billion in new funds for education, history tells us that the legislature and governor will almost certainly shift *other* funds out of education and spend them elsewhere, mostly to meet state worker pension obligations. They can do the same in every budget year. The fact is that raising taxes by \$10 billion with Prop. 38 may guarantee *those* dollars go to education, but not that there will be more total funds for education.

Again, it is true that Prop. 98, approved by voters years ago to ensure that a percentage of all new state revenue goes to education, *should* mean that a big chunk of Prop. 38 taxes would go to schools. But for 10 years the state has "deferred" nearly \$10 billion of state revenue that is supposed to go to schools under Prop. 98. So even when we think we are voting to tie the government's hands on how they spend our tax money, they seem to find ways around it. The problem is that Sacramento is not making education a budget priority.

Voters need to consider that California's leaders have a spending addiction. The state set a record high for total state budget spending in 2012: \$142.4 billion, surpassing the \$138 billion from 2007-2008. And even though Californians have repeatedly made it clear that education should be a top priority in the state budget, in a record breaking large budget Sacramento is threatening cuts to education spending. Lawmakers consistently show they want to spend more on things other than education. As well as deferring nearly \$10 billion in Prop. 98 funds that were supposed to go to education, they have let general fund spending fall by 11 percent since 2007-2008 to \$91 billion, while increasing special fund spending by more than 47 percent over the same period, from \$26.7 billion to \$39.4 billion. Since Prop. 98 requirements for education

spending don't apply to special funds, this maneuver served to cut education spending. If the general fund shrinks then Proposition 98 revenue for K-12 and community colleges shrinks as well.

Furthermore, in a time of very slow economic recovery, taking billions from consumers and businesses to fuel record-breaking state spending is an incredibly bad idea. Tax increases are no way to grow jobs and the economy. State tax revenue is already about \$3 billion short of what the Brown administration projected in June. For several years in a row the state budget has overestimated how much tax revenue will come in, and how much more will be brought in by higher taxes. That is because high taxes compared to other states are making California less competitive and are depressing the state economy.

Spectrum Locations Consultants (SLC) recorded that 254 California companies moved some or all of their work and jobs out of state in 2011, 26% more than in 2010. SLC President Joe Vranich considers California the worst state in the nation to locate a business and Los Angeles the worst city to start a business. His work with clients has found that leaving Los Angeles for another surrounding county can save businesses 20% of costs. Leaving the state for Texas can save up to 40% of costs.

Finally, since education spending is the lynchpin of Prop. 38, voters need to consider whether they want more of their money to go into a system that refuses to reform, where increases in spending are overwhelmingly being consumed by administration, and not going to teachers and classrooms and instruction.

The latest analysis of state K-12 education spending by Pepperdine University's Davenport Institute is pretty damning. The percentage of funding going to direct classroom expenditures has been falling. Less than 50 percent goes to teacher salaries and benefits. Per student spending on administrators grew twice as fast as spending on teachers. Indeed, spending on staff travel and conferences grew faster than spending on teacher salaries.

The story is equally bad in higher education. Salaries in student services and institutional support have grown twice as fast as instructors' salaries. Worse, from 1994-2009 University of California faculty increased 33 percent, while the number of senior managers increased 194 percent. There are now more managers at the University of California than faculty.

In summary, tax increases right now will hurt taxpayers, stunt job growth, and feed Sacramento's spending addiction. Additional school funding will only feed bad decisions to invest more in administration and managers than in classrooms and instruction.

Proposition 39: Tax Increase on Multistate Businesses and Funding Clean Energy

Proposition 39 would require multistate businesses to pay more taxes in California by removing a provision that currently allows them to pay more in lower tax states instead. Some of the revenue from the higher taxes will go green energy programs.

Fiscal Impact: The Legislative Analyst's Office estimates that Prop. 39 will raise approximately \$1 billion in additional annual state revenues that will grow over time. About half the revenue would go to fund energy efficiency and alternative energy projects.

Arguments for Proposition 39

Supporters say that in 2009 a late night budget deal created a tax loophole that gives an unfair advantage to out-of-state corporations that create few jobs in California, and that this loophole now costs the state budget \$1 billion per year. They say the loophole also costs the state tens of thousands of jobs, because it actually rewards companies for having fewer jobs in California. Prop. 39 simply closes this loophole, they say, and dedicates a portion of the revenues from closing the loophole to energy efficiency programs that will create jobs and reduce public energy costs for years to come.

Closing the tax loophole, supporters argue, will create long term revenue to help reduce the deficit and increase available funding for vital services such as education, health and social services, transportation, and prisons. And they say that funding clean energy projects will create 20,000 to 30,000 construction-related jobs on projects like energy efficiency improvements for public schools and public buildings; installing solar panels; repairing, insulating, or weatherizing old buildings; replacing windows with more energy efficient models; and installing technologies that require less energy.

Supporters of Proposition 39

Website: <http://www.cleanenergyjobsact.com/>

Thomas Steyer, hedge fund manager	Many construction unions
A number of environmental groups	California Teachers Association

Largest Donors to the Yes Campaign as of October 1, 2012

Thomas Steyer	\$21,900,000	League of Conservation Voters	\$25,000
Californians for Clean Energy and Jobs	\$350,000		

Arguments Against Proposition 39

Opponents say Prop. 39 is a massive \$1 billion tax increase on California job creators that will result in the loss of thousands of middle class jobs. They argue that California's unemployment rate is already the third worst in the country and that Prop. 39 makes our problems worse.

Prop. 39 is a recipe for waste and corruption, opponents say, spending \$2.5 billion that could go to schools, health and welfare, environmental protection or public safety on a new government commission with fat salaries and little accountability for how they spend it on corporate contracts to deliver so-called 'Green Energy' programs. With a state budget deficit of nearly \$16 billion, they say, Prop. 39 makes things worse by raising taxes to fund more boondoggles.

Opponents of Proposition 39

Website: there is not an official No campaign

California Manufacturers & Technology Association	National Tax Limitation Committee	Friends for Saving California Jobs
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Largest Donors to No Campaign

None

Discussion of Proposition 39

Prop. 39 is a large tax increase on businesses. In a weak economic recovery, taxing businesses is no way to create jobs.

Proponents would have you believe that taxing businesses so government can give grants creates massive numbers of jobs. If that were true, getting out of the recession would be a snap. In fact

such taxes are at best a shell game, moving money from one company to another, with no gain to the overall economy. But it is unlikely to be *at best*; more likely the tax would take money from companies that are productive, and grow and create jobs, and give that money in grants to companies that can't make a profit, can't grow, and rely on government grants to survive. Did we learn nothing from Solyndra and all of its brethren green energy firms that milked government loans and grants to survive?

Tax reform in California should involve moving to a simpler, more neutral and flatter tax code. Having political fights every year about what does and does not get taxed and at what level is a recipe for political manipulation and gives special interests too much incentive to lobby for tax breaks for themselves and tax hits on their competition.

Proposition 40: Redistricting State Senate Districts

A yes vote on Proposition 40 approves new State Senate districts drawn by the Citizens Redistricting Commission. If Prop. 40 fails to pass, the State Senate district boundary lines will be adjusted by officials supervised by the California Supreme Court. The proponents wanted people to vote NO and thus veto the Citizens Redistricting Commission districts. But they have changed their mind and no longer support voting NO.

Fiscal Impact

The Legislative Analyst's Office estimates that if Prop. 40 is approved there will be no fiscal effect on state or local governments. If Prop. 40 fails the state would incur a one-time cost of about \$500,000 to establish new Senate districts. Counties would incur one-time costs of about \$500,000 statewide to develop new precinct maps and related election materials for the new districts.

Arguments for Proposition 40

Supporters say that approving Prop. 40 means that the State Senate maps drawn by the voter-approved independent Citizens Redistricting Commission will remain in place, while a no vote would give politicians an opportunity to overturn the fair districts drawn by the independent Commission—costing taxpayers hundreds of thousands of dollars in the process.

They argue that California voters have voted repeatedly to have district maps drawn by an independent Commission, not politicians, and that Prop. 40 would reverse those wishes. Moreover, they say the group that wanted people to vote NO on Prop. 40 have since withdrawn.

Supporters of Proposition 40

Website: <http://holdpoliticiansaccountable.org/>

League of Women Voters of California	California Common Cause	Charles Munger, Jr.
AARP California	National Federation of Independent Business/California	California Democratic Party
California Chamber of Commerce	Los Angeles Area Chamber of Commerce	California Republican Party

Largest Donors to Yes Campaign as of October 1, 2012

Charles Munger, Jr	\$208,294
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Arguments Against Proposition 40

The opponents say, "[A]s the Official Sponsor of Proposition 40, our intention was to make sure its qualification for the ballot would stop the current Senate District lines from being implemented in 2012. The Supreme Court reviewed the process and intervened to keep district lines in place. With the court's action, this measure is not needed and we are no longer asking for a NO vote."

Opponents of Proposition 40

There is not a No campaign or organized opposition to Prop. 40.

Largest Donors to No Campaign as of October 1, 2012 (reflects contributions made before the decision to withdraw from the campaign)

California Republican Party	\$1,749,562	Frank Greinke	\$50,000
Friends of Mimi Walters for Senate 2012	\$75,500	Senator Bob Dutton for Supervisor 2014	\$50,00

Discussion of Proposition 40

There is not much to be said about Prop. 40. It only remains on the ballot because the people who put it there could not withdraw it once they changed their minds. When the Supreme Court upheld the Citizens Redistricting Commission boundaries it meant that even if voters vote NO on Prop. 40, it will be overturned. So at this point voting No on Prop. 40 would entail \$1 million in expenses and result in no change in district boundaries.