
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2023 - 2024 Regular Session

SB 28 (Glazer) - Education finance: school facilities: Public Preschool, K–12, and College Health and Safety Bond Act of 2024

Version: December 5, 2022

Urgency: No

Hearing Date: May 1, 2023

Policy Vote: ED. 7 - 0, GOV. & F. 6 - 1

Mandate: No

Consultant: Lenin Del Castillo

Bill Summary: This authorizes a \$15 billion bond measure for the construction and modernization of public preschool, K-12, community college, University of California (UC), and California State University (CSU) facilities to be placed on the March 2024 primary election ballot.

Fiscal Impact:

- The authorization of \$15 billion in general obligation bonds is expected to result in General Fund costs of approximately \$25.2 billion to repay, including \$10.2 billion in interest, at an annual cost of \$841 million. This estimate assumes an interest rate of 3.75 percent and a 30-year maturity.
- This measure would result in one-time General Fund costs to the Secretary of State (SOS) in the range of \$738,000 to \$984,000, likely in 2023-24, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.
- The California Department of Education (CDE) indicates that requiring school districts to submit a 5-year school facilities master plan could have a significant local impact depending on the scope. These plans have a lifespan of about ten years and can cost anywhere from \$80,000 to \$300,000. However, the master plans would only be required if a district elects to seek state funding for a project.
- This bill increases local bonding capacities for non-unified school districts to 2 percent and 4 percent for unified school districts of the taxable property in the district. This could potentially lead to school districts incurring an unknown increase in local debt for facilities projects.

Background: Existing law establishes the School Facility Program (SFP) under which the state provides general obligation bond funding for various school construction projects, including new construction, modernization, joint-use facilities, and programs to specifically address the construction needs of overcrowded schools, charter schools, career technical education facilities, and seismic mitigation. The last statewide general obligation bond, Proposition 51, was approved by voters in November 2016. Proposition 51 authorized a total of \$9 billion in state general obligation bond funds, including \$7 billion for K-12 education facilities and \$2 billion for community college facilities. In March, 2020, voters rejected Proposition 13, which would have authorized

the issuance of \$15 billion in general obligation bonds to fund school, community college, as well as UC and CSU facility projects.

Proposed Law: This bill establishes the Public Preschool, K-12, and College Health and Safety Bond Act of 2024 totaling \$15 billion to be allocated as follows:

1. \$9 billion for Preschool to Grade 12 school facilities as follows:
 - a. \$2.8 billion for new construction.
 - b. \$5.2 billion for modernization.
 - c. \$500 million for charter schools.
 - d. \$500 million for career technical education.
2. \$2 billion for community college facilities.
3. \$2 billion for the UC and the Hastings College of the Law.
4. \$2 billion for the CSU.

Other provisions of the bill:

- Increases local bonding capacities for non-unified school districts from 1.25 percent to 2 percent and for unified school districts from 2.5 percent to 4 percent of the taxable property in the district.
- Requires a school district, as a condition of participating in the SFP, to submit to the Office of Public School Construction (OPSC) a five-year facilities master plan approved by the governing board of the school district and to update the plan as appropriate.
- Requires OPSC to prioritize, on a quarterly basis, the processing of applications, as specified.
- Establishes criteria for determining the state and local share of a school district's project based on the district's gross bonding capacity and the percentage of students that are low-income, English learners, or foster youth.
- Authorizes grant funding for new construction projects to be used for infrastructure necessary to provide access to broadband internet, seismic mitigation, construction of a school kitchen, transitional kindergarten classroom, public preschool facility, or a facility to support school nurses and counselors.
- Prohibits grant funding for new construction projects to be used for electronic devices with a useful life of less than three years.
- Allows a school district with a facility located on a military installation to receive a modernization grant to replace portables that are at least ten years old.

- Allows for grant funding under the program to be increased by up to ten percent to reflect the costs to remediate any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion.
- Expands school district eligibility for financial hardship assistance by increasing the total bonding capacity limit from \$5 million to \$15 million, adjusted annually for inflation.
- Allows the State Allocation Board (SAB) to provide assistance to districts procuring interim housing to school districts and county offices of education impacted by a natural disaster.
- Requires the SAB to provide a grant to test for lead in water outlets used for drinking water or preparing food that were constructed before January 1, 2010 and for remediation of any water outlet used for drinking or preparing food with lead levels in excess of 15 parts per billion.
- Increases the threshold for implementing unused site fees on school districts from sites valued at \$20,000 to sites valued at \$40,000.
- Requires the Board of Trustees of the CSU and the Regents of the UC, as a condition of receiving funds from the 2024 bond fund, to adopt a five-year affordable student housing plan for each campus.
- Requires the Regents of the UC and Board of Trustees of the CSU, in developing a list of capital projects for consideration in the annual Budget Act, to use each campus's student housing plan as a key input for project prioritization.

Related Legislation: SB 22 (Glazer, 2021) was substantially similar to this bill. The bill was held in the Assembly Education Committee.

AB 48 (O'Donnell, Chapter 530, Statutes of 2019) was similar to this bill. However, the measure was not adopted by the voters at the March 3, 2020 statewide primary election.

AB 13 (Eggman, 2019) proposed to place the Higher Education Facilities Bond Act of 2020 on the November 3, 2020, statewide general election. The bill proposed \$2 billion for University of California (UC) facilities, \$2 billion for CSU facilities and \$3 billion for new CSU campuses. The bill was held in the Assembly Higher Education Committee.

SB 14 (Glazer, 2019) proposed to place the Higher Education Facilities Bond Act of 2020 on the March 3, 2020 statewide primary election. The bill proposes \$4 billion each for UC and CSU facilities. The bill failed passage on the Assembly Floor.

Staff Comments: According to the OPSC, as of the February 2023 meeting of the SAB, about \$614.7 million remains in General Fund authority and about \$700 million remains in bond authority in the SFP for the 2022-23 fiscal year.

The SOS indicates that printing and mailing costs associated with placing a measure on the statewide ballot are approximately \$123,000 per page, depending on the length of the ballot. The fiscal estimates noted above reflect the addition of 6-8 pages in the Voter Information Guide. Actual costs would depend upon the length of the title and summary, analysis by the LAO, proponent and opponent arguments, and text of the proposal.

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