
THIRD READING

Bill No: SB 28
Author: Glazer (D)
Introduced: 12/5/22
Vote: 27

SENATE EDUCATION COMMITTEE: 7-0, 3/22/23
AYES: Newman, Ochoa Bogh, Cortese, Glazer, McGuire, Smallwood-Cuevas,
Wilk

SENATE GOVERNANCE & FIN. COMMITTEE: 6-1, 4/19/23
AYES: Caballero, Blakespear, Durazo, Glazer, Skinner, Wiener
NOES: Seyarto
NO VOTE RECORDED: Dahle

SENATE APPROPRIATIONS COMMITTEE: 5-2, 5/18/23
AYES: Portantino, Ashby, Bradford, Wahab, Wiener
NOES: Jones, Seyarto

SUBJECT: Education finance: school facilities: Public Preschool, K–12, and
College Health and Safety Bond Act of 2024

SOURCE: Author

DIGEST: This bill makes changes to the existing School Facility Program (SFP) and places the Public Preschool, K-12, and College Health and Safety Bond Act on the ballot for the March 2024 statewide primary election.

ANALYSIS: Existing law establishes the 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—\$7 billion for K-12 education facilities and \$2 billion for community college facilities. Of the \$7 billion for K-12 education, \$3 billion is for new construction, \$3 billion is for modernization, and \$1 billion is for charter schools and vocational education facilities.

This bill authorizes \$15 billion 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 ballot for the March 2024 statewide primary election. Specifically, this bill:

- 1) 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.
- 2) Establishes the 2024 State School Facilities Fund within the state treasury.
- 3) 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.
- 4) Requires OPSC to prioritize, on a quarterly basis, the processing of applications as follows:
 - a) First, for health and safety projects.
 - b) Second, for school districts requesting financial hardship assistance.
 - c) Third, for projects addressing lead remediation.
 - d) Fourth, for projects that were submitted, but not processed, in the preceding two quarters.
 - e) Fifth, for projects addressing severe overcrowding.
 - f) Sixth, based on a district's gross bonding capacity and the percentage of students that are low-income, English learners, or foster youth.
- 5) 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.

- 6) Requires school districts electing to participate in the SFP to submit an updated report of the district's existing school building capacity to the OPSC.
- 7) 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.
- 8) Prohibits grant funding for new construction projects to be used for electronic devices with a useful life of less than three years.
- 9) 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.
- 10) 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.
- 11) 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.
- 12) 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.
- 13) 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.
- 14) Increases the threshold for implementing unused site fees on school districts from sites valued at \$20,000 to sites valued at \$40,000.
- 15) Requires the Board of Trustees of the CSU and the Regents of the UC, as a condition of receiving funds from the 2022 bond fund, to adopt a five-year affordable student housing plan for each campus.

- 16) 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.
- 17) Repeals various obsolete code sections related to the State School Facilities Program.
- 18) Establishes the Public Preschool, K-12, and College Health and Safety Bond Act of 2024 totaling \$15 billion to be allocated as follows:
 - a) \$9 billion for Preschool to Grade 12 school facilities.
 - b) \$2 billion for community college facilities.
 - c) \$2 billion for the UC and the College of the Law, San Francisco.
 - d) \$2 billion for the CSU.

Comments

- 1) *Need for the bill.* According to the author, "According to Public Policy Institute of California, about two-thirds of the state's school facilities are more than 25 years old, and research has shown that it would cost over \$117 billion to modernize schools and colleges in the next decade.

"Between fiscal years 2015–16 and 2018–19, 60 school districts closed 108 schools at least once due to poor facility conditions, including gas leaks, heating system failures, broken water pipes, pest infestations, and mold, asbestos, and lead contamination. The majority of these districts (41) are high-need districts, in which more than 55% of students are low income, English Learners, experiencing homelessness, or foster youth.

"Since 2006, despite a deteriorated fiscal condition for both the UC and CSU, the state has not authorized any higher education-specific bonds. The UC's existing backlog of deferred maintenance totals \$7.3 billion. The CSU's totals \$6.5 billion. These include addressing fire, safety, and seismic deficiencies, and modernizing and constructing facilities to keep pace with current

technology and workforce needs. Without sufficient funding, the UC and CSU's will not meet their capitol renewal needs.”

- 2) *Previous informational hearing.* On February 18, 2015, the Senate Education Committee held a joint informational hearing with the Budget Subcommittee on Education titled *K-12 School Facility Program: History, Current Status, and Future Options*. Among other things, the Committee heard testimony from several participants about the need to simplify the current program processes and regulations, the need for a “one-stop-shop” to assist in navigating the program, and the need for greater flexibility in design of school facilities as well as the use of funding to incentivize and support joint use projects and community schools. Additionally, while the state’s growing debt service is of concern, it was unclear whether local districts have the capacity to generate sufficient revenue at the local level to meet their ongoing facility needs for deferred maintenance, modernization and new construction.
- 3) *Related SFP budget activity and status of funds remaining.* Prior to the passage of Proposition 51 and amid concerns about the complexity and structure of the SFP, former Governor Brown called for the state to establish a new school facilities program. The 2016-17 Governor’s Budget stated the following:

“The existing school facilities program is overly complex, creating costs for school districts to navigate a process that can involve as many as ten different state agencies. The program creates an incentive for districts to build new schools when they already have the capacity to absorb enrollment growth, and allocates funding on a first-come, first-served basis, giving districts with dedicated facilities personnel a substantial advantage. Finally, the existing program does not give districts enough flexibility to design school facility plans to reflect local needs. The inherent problems with the current program, along with billions of dollars in long-term liabilities created by the issuance of state debt, is no longer sustainable.”

Further, the 2022-23 State Budget allocates all remaining state bond authority remaining in the SFP and appropriates about \$4.3 billion one-time General Fund to support new construction and modernization programs.

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.

- 4) *The voters rejected a substantially similar measure.* In 2020, Proposition 13, the \$15 billion school construction bond that went before voters on the March 3 ballot, failed passage with only 47 percent voter support. As currently drafted, this measure is substantially similar to Proposition 13.

Supporters of Proposition 13 claim that the specific circumstances surrounding the bond—potential confusion with Proposition 13 of 1978, tax fatigue, and the COVID-19 pandemic—are to blame for its failure. Supporters do not believe that the measure’s result is an indication of changing voter sentiment regarding school bonds, interest in investing in education generally, or a fundamental flaw with the SFP.

Opponents of Proposition 13, such as the Howard Jarvis Taxpayers Association, appear to interpret the measure’s defeat differently. Because the measure would have raised the cap on how much school districts can raise through property taxes, the opponents were able to argue that the measure itself would have raised property taxes. However, the measure would not have raised property taxes upon being approved. Only after school districts subsequently passed their own local construction bonds and received matching funds from the state would property taxes be increased at the local level.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- 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 bill 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 two percent and four 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.

SUPPORT: (Verified 5/18/23)

A Voice for Choice Advocacy
California State University
Charles R. Drew University of Medicine and Science
Citrus College
International Interior Design Association Southern California Chapter
Kedren Health
Los Angeles Unified School District
Mt. San Antonio College
North Orange Community College District
Riverside County Public K-12 School District Superintendents
South Central Family Health Center
Southside Coalition of Community Health Centers
St. Johns Well Child & Family Health Center
To Help Everyone Health and Wellness Centers
University of California
Watts Labor Community Action Committee

OPPOSITION: (Verified 5/18/23)

Plumbing-Heating-Cooling Contractors Association of California
Western Electrical Contractors Association

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5/20/23 12:37:43

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