
IN DEPTH

SUPPLEMENTAL ANALYSIS OF

STATE PROPOSITIONS

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**PRIMARY
ELECTION**

MARCH 3, 2020

Issue Date: January 3, 2020



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About *In Depth* and *Pros & Cons*

In Depth is produced by the League of Women Voters of California Education Fund (LWVCEF) as a resource for League members and others who engage in voter education on state propositions. It provides analysis and information that supplements the Secretary of State's *Official Voter Information Guide* and the *Pros & Cons*, another publication of the LWVCEF found on the League's website, CAvotes.org. League ballot measure speakers should read those resources prior to reading the *In Depth*.

In Depth is researched, written and reviewed by members of the League of Women Voters. The LWVCEF relies on the proposition analysis from the Legislative Analyst's Office (LAO) as a core resource, but League researchers and writers use other resources as well. Pro and con arguments in both publications come from many sources, including the *Official Voter Information Guide*, legislative hearings, policy experts, government officials, newspapers, and ballot measure campaigns. The League does not judge the merits of arguments or guarantee their validity.

Campaign finance data is identified as of the date specified on each *In Depth*. Please consult the updates and the Voter's Edge CA "Who Contributes Money?" page for each proposition before making a presentation.

The *In Depth* is available as PDFs on LWVC's members- only webpage. Other tools for unbiased voter education can also be found here.

The LWVCEF does not print copies of the *In Depth*.

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PRIMARY ELECTION ★ MARCH 3, 2020**

TO REVIEW BEFOREHAND

- [Official Voter Information Guide](#) - prepared by the Secretary of State
- [VotersEdge.org/CA](#) – A joint project of the LWVCEF and MapLight, this is a comprehensive online guide to elections covering federal, state, and local races, plus campaign finance data on the contributions and expenditures for proposition campaigns. Look here for the most updated campaign finance information.
- <http://cal-access.sos.ca.gov> - Another place to find campaign finance information.
- [Ballotpedia](#) – covers state and local ballot measures

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Proposition 13.....p. 4
Authorizes bonds for facility repair, construction, and modernization at public preschools, K–12 schools, Community Colleges and Universities

There are no other propositions on the March 3 ballot.

Proposition 13

Authorizes bonds for facility repair, construction, and modernization at public preschools, K–12 schools, Community Colleges and Universities.

Legislative Statute

Why is this called Proposition 13?

Proposition numbers are assigned in numerical order. Commencing in 1998 the numbering started at 1 and is started at 1 once every 10 years. The most recent 10 year cycle began in 2018, a year that had 12 propositions on the ballot. Number 13 is next.

How did this proposition get to the ballot?

Proposition 13 was placed on the ballot by the California State Legislature. It originated in the Legislature as AB 48 which was amended from its original form to the version that is now on the ballot. The Its formal name is Public Preschool, K-12, and College Health and Safety Bond Act of 2020.

Background

California provides public education to 9.2 million students, from pre-school to community colleges and four year universities. Traditionally, the state provides money to school districts for the capital costs of building and renovations/modernization. This is generally done with the sale of general obligation bonds that are paid off over a long period of time from the General Fund of the state. School districts must raise money to qualify for state funding. This is often done by issuing local bonds that must be approved by voters in the district.

For K-12 school districts the state covers a share of the cost of each approved project. The districts pay for the rest of the project, frequently by selling local bonds. There are rules for determining which proposals receive bond money. There are also rules limiting the amount of indebtedness local districts can issue with their own general obligation school bonds. Those rules are based on the assessed property value within the districts.

In 2013 the UC and CSU systems were allowed to issue bonds directly with no voter approval required. Bond indebtedness is to be paid back from funding received by the state.

School Needs

California's public schools serve more than 6 million K-12 students at 10,000-plus schools in more than 300,000 classrooms—70% of which are more than 25 years old. www.ppic.org/publication/bonds-for-k-12-school-facilities-in-california Schools have closed or missed class days because broken pipes had left them no source of running water or because broken septic tanks shut down bathrooms. Some schools have

been found to have harmful mold or asbestos, or lead in pipes. Smaller school districts with low property values have problems issuing local school bond measures needed to qualify for state matching funds so maintenance and upgrading is delayed or not performed. funds.calmatters.org/projects/school-closures-california-wildfire-outage-flood-water-electricity-guns-snow-days-disaster

Higher education campuses have many buildings that are 30 - 50 years old. The campuses suffer from delayed maintenance, safety, infrastructure, and modernization needs. There is a need for additional dormitory space to meet anticipated increases in student population and to deal with an issue of homeless students.

School Bond History

From 2006 until 2016 there were no statewide bond issues for education. The \$9 billion Prop 51 passed in 2016 did not include colleges and universities.

Approximately \$7.8 billion in bonding authority, mostly from Prop 51 remains but the state has received applications nearly in excess of the bond amount.

Proposition 13 is a Bit Different from other School Bond Measures

See the chart below for the distribution of proposed bond funds.

Figure 2	
Uses of Proposed Bond Funds	
<i>(In Billions)</i>	
	Amount
Public School Facilities	
Renovation	\$5.2 ^{a,b}
New construction	2.8 ^a
Career technical education facilities	0.5
Charter school facilities	0.5
Total	\$9.0
Public Higher Education Facilities	
Community college facilities	\$2.0
California State University facilities	2.0
University of California facilities	2.0 ^c
Total	\$6.0
Grand Total	\$15.0^d
^a Of this amount, up to 10 percent would be reserved for school districts with 2,500 or fewer students. ^b Of this amount, \$150 million would be reserved for testing and treating lead in water at schools. ^c Some of this amount could be used for facilities at Hastings College of the Law, which is affiliated with the University of California. ^d Up to 5 percent of bond funding may be used for administrative purposes.	

The provisions of this proposition are a bit different from past bond issue propositions. This one reflects concerns that small, less well off school districts are unable to raise the funds needed to qualify for state assistance. It also reflects concerns about housing shortages, both within communities and on college campuses. For the first time ever, preschool facilities can receive funding from a bond issue.

K-12 schools

In response to concerns that the current system favors larger and more wealthy K-12 school districts in obtaining funds, Proposition 13 would make changes to the funding process and eligibility as follows:

1. the rules for processing applications for funding:
 - the first come, first served application processing system for K-12 districts would be replaced, creating a system of prioritization for projects, and offering aid to small districts.
 - establishes priorities for which applications to process first. First priority is for projects related to health and safety renovations. The second priority is school districts requesting financial hardship assistance.
 - reserves up to 10% of the \$5.2 billion designated for renovation projects for school districts with 2,500 students or less.
2. the rules for local funding requirements:
 - uses a sliding scale for the required matching funds. Under the current system, the state's share of project costs was 50% of new construction and 60% of renovation. For districts with less capacity to raise matching funds and with higher numbers of low income students, foster youth, and English learners, the state's share would be 5% higher than current system allows.
 - allows school districts to increase the amount of local bond issues. This is done by increasing the limits for elementary and high school districts from 1.25 percent to 2 percent of the assessed property value and for unified school districts from 2.5 percent to 4 percent. (Note: this is not doubling the capacity)
 - expands financial hardship threshold to allow qualified districts to receive up to 100% of state grants. The current threshold is \$5 million; this proposition would set it at \$15 million.
 - places limits on school district imposed developer fees. Prop 13 would prohibit fees on construction of new multi-family structures near major transit stops and reduce the allowable developer fees on other such structures by 20%.

This proposition would further require all districts that apply for matching funds to establish a five year facilities master plan. There is a process for small school districts to apply for technical assistance to assist with the planning, site acquisition, pre-construction, construction, and closeout of a project. Grants for project management are available for eligible districts.

There is some criticism of the proposition. The processing and sliding scale of matching funds formulas provide more money to small, less well off districts, but it will not

fully compensate for the low assessed property values upon which financing is based in those districts.

College and University Systems

The UC and CSU systems have not been included in a statewide bond issue since 2006. During the intervening years general state funding decreased. Maintenance and capital improvements were deferred. In 2013 the systems were allowed to issue their own bonds to be paid back by ancillary revenue sources like parking structures and dorms or general revenue including state general revenue funds.

Proposition 13 would require both the UC and CSU systems to adopt a 5 -year affordable student housing plan as a condition for funding. Priority "is given to projects that address fire and life safety issues, seismic deficiencies, and critical deferred maintenance issues.

Fiscal Effects

The state would pay off \$15 billion in bonds, with interest, from the General Fund. The cost of bonds, as always, depends upon the interest rates at the time of sale and on the length of time over which they are paid. The Legislative Analyst Office estimates that \$11 billion in interest will be charged for these bonds. The estimated annual cost of bond repayment is approximately \$750 million each year for 35 years. This amount is approximately one half of one percent of the General Fund budget.

Supporters' Arguments

- Prop 13 will meet the needs of students for safe, healthy schools.
- Maintenance and upgrades to schools have been long delayed. Prop 13 will allow school districts to address the health hazards that exist in their schools.

Opponents' Arguments

- The state and local school districts will be allowed to carry a higher load of debt at a time when there is an over \$21 billion surplus in the state budget.
- Higher taxes will be needed to repay the bond debt.

Supporters

Signers of the official ballot arguments are in **bold**.

Brian Rice, President

California Professional Firefighters

E. Toby Boyd, President

California Teachers Association

Pamela Kahn, President

California School Nurses Association

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Celia Jaffe, President
California State Parent Teachers Association
Dr. Linda Kaminski, President
Association of California School Administrators

Financial Support
None reported as of 1/2/2019

Opponents

Signers of the official ballot arguments are in **bold**.

State Senator Brian Jones
District 38
Jon Coupal, President
Howard Jarvis Taxpayers Association
Larry Sand, Retired Teacher

Financial Support
None reported as of 1/2/2019