

Prop 13: The \$15 Billion Schools Facilities Bond

Ballot Title: Authorizes Bonds for Facility Repair, Construction, and Modernization at Public Preschools, K-12 Schools, Community Colleges, and Universities. Legislative Statute.

Ballot Summary: Authorizes \$15 billion in state general obligation bonds for public education facilities: \$9 billion for preschools and K-12 (includes \$5.2 billion for modernization, \$2.8 billion for new construction, \$500 million for charter schools, and \$500 million for career technical education); \$6 billion for public universities and community colleges. Projects will improve facilities' health/safety conditions (including earthquake/fire safety and removing lead from water) and increase affordable student housing. Limits administrative costs to 5%. Appropriates money from General Fund to repay bonds

Fiscal Impact: Principle bond of \$15 billion. Interest on principle \$11 billion. Paid over approximately 35 years. \$740 million annually out of General Fund tax revenue.

Vote Recommendation: CFRW Officially OPPOSES PROP 13: \$15 BILLION SCHOOLS FACILITIES BOND

OPPOSITION Rationale:

- Since 1993, we have voted on 43 bond issues, totaling \$173 billion dollars. 37 passed-costing the state \$151 billion.
 - Of these 43, only eight measures were citizen-driven initiatives. Of those 8, five were passed by the voters.
 - The legislature has referred 35 bond measures to the ballot and of those 35, 27 have been passed
 - In the past 18 years, the voters have passed 4 school facilities bonds for the building, maintaining, repairing, and retrofitting of California public schools. This comes out to \$45 billion in school facilities bonds alone. There is still \$7.8 billion in unallocated and unsold school facilities bonds outstanding. Furthermore, taxpayers pay \$2.9 billion a year on previously sold school facilities bonds.
 - After learning all this, do we think we really need another school facilities bond?
- Voters and taxpayers do not understand the short-term and long-term consequences of general obligation bonds. In our state, we have two types of bonds: general obligation bonds and revenue bonds.
 - ✓ General obligation bonds (most common), are paid back by the taxpayers out of our general budget.
 - ✓ Revenue bonds are repaid by the monies collected upfront by usage (i.e. toll bridge or a registration fee)
- Our state currently has close to \$90 billion in bond debt. On average, the state pays \$6 billion a year out of our general fund to pay down this astronomical bond debt.
 - Every year paying that amount out of our general fund, leaves less money for other programs and services. And when there is less money for that our taxes are raised.
- Another staggering fact is that we have over \$43 billion in unused bond monies. Why not use that unallocated bond money first? Why ask for \$15 billion in a new schools facilities bond when we already have \$7.8 billion in unused school facilities bond money right now that could be used?
- Each election the Democrats make their bond asks higher & higher. It was only a few elections ago that asking for \$4 billion in bonds was the highest in state history. Now they put almost quadruple that amount on the ballot!!
- Finally, buried deep within Prop 13- The \$15 Billion Schools Facilities Bond, is language that would allow school districts to borrow more money from the state. This might be seemingly innocuous, but currently there is a cap on how much school districts can borrow, thereby protecting our property taxes that are tied to school district funding. This bond measure would allow school districts to double the amount they are allowed to borrow. This means that property taxes will inevitably need to rise in order to pay for this increase in debt from the school districts. Right now, property owners have a small protection in that there is a limit on how much school districts can borrow. Prop 13- The Schools Facilities Bond, would double that limit