
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

Bill No: AB 48 **Hearing Date:** September 12, 2019
Author: O'Donnell & Glazer
Version: September 10, 2019
Urgency: No **Fiscal:** Yes
Consultant: Ian Johnson

Subject: Education finance: school facilities: Public Preschool, K-12, and College Health and Safety Bond Act of 2020.

NOTE: This bill has been amended to replace its contents and this is the first time the bill is being heard in its current form.

SUMMARY

This bill makes changes to the existing School Facility Program and places the Public Preschool, K-12, and College Health and Safety Bond Act on the March 3, 2020 primary ballot.

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—\$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.

ANALYSIS

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 March 3, 2020 primary ballot. 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 2020 State School Facilities Fund within the state treasury.

- 3) Requires a school district, as a condition of participating in the School Facilities Program, to submit to 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 School Facilities Program 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 2020 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 2020 totaling \$15 billion to be allocated as follows:
 - a) \$9 billion for Preschool to Grade 12 school facilities as follows:
 - i) \$2.8 billion for new construction.
 - ii) \$5.2 billion for modernization.
 - iii) \$500 million for charter schools.
 - iv) \$500 million for career technical education.
 - b) \$2 billion for community college facilities.
 - c) \$2 billion for the UC and the Hastings College of the Law.
 - d) \$2 billion for the CSU.
- 19) Suspends the provisions establishing level 3 developer fees until January 1, 2028.
- 20) Eliminates the fee, charge, dedication, or other requirements for any multifamily infill housing developments and reduces all other multifamily housing developments by 20 percent.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, “The condition of a school sets the tone for the school day. Students will not take school seriously if their school is dilapidated, dirty, and in need of repair. The School Facility Program has been a strong private public partnership between the state, local school districts, and developers. This bill represents the state’s contribution and commitment to ensure that students are housed in safe environments conducive for learning. The state’s success depends on student success.”

- 2) ***Current status of the School Facilities Program (SFP).*** According to the Office of Public School Construction (OPSC), as of the May 2019 meeting of the State Allocation Board (SAB), approximately \$4,871 billion remains in bond authority in the School Facilities Program (SFP). Of this amount, about \$2 billion is new construction, \$2.4 billion is modernization, and the remaining \$400 million is from a variety of smaller programs, including the Career Technical Education and Charter Schools program.

The Office of Public School Construction (OPSC) reported that as of February 2019, they have received just over \$5 billion worth of applications for the bond authority remaining. The OPSC will not process applications beyond available bond authority and they expect that some applications may be eligible for a reduced amount of funding.

- 3) ***Related and prior budget activity.*** 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.”

The 2019-20 Governor’s budget includes \$1.5 billion in bond authority available for school facilities projects and an increase of 10 positions for OPSC. The Administration notes that this increase in staffing aligns with the increase in workload related to processing \$1.5 billion in applications annually. Finally, the Administration notes that an increase of \$1.5 billion in bond sales would result in annual debt service by approximately \$84 million for a total debt service in 2019-20 of approximately \$2.3 billion for K-12 facility debt service from Prop 51 and prior bonds.

4) ***Previous informational hearing.*** On February 18, 2015, this 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.

5) ***Related legislation.***

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

SB 14 (Glazer) places 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 is pending in the Assembly.

6) ***Prior legislation.***

AB 1088 (O’Donnell) would have placed the Kindergarten-University Public Education Facilities Bond Act on an unspecified ballot. The author held the bill in the Assembly Appropriations Committee in 2015.

AB 148 (Holden) would have placed the K–14 School Investment Bond Act of 2016 with unspecified dollar amounts on the November 8, 2016 statewide ballot. The bill was held in the Assembly Appropriations Committee suspense file in 2015.

AB 1433 (Gray) would have placed the Recommitment to Higher Education Bond Act of 2016 with unspecified amounts for higher education facilities on the November 8, 2016 statewide general election. The bill was held in the Assembly Appropriations Committee suspense file in 2015.

SB 114 (Liu) would have placed the Kindergarten Through Grade 12 Public Education Facilities Bond Act of 2016 with unspecified dollar amounts on the November 8, 2016 ballot. The bill failed passage on the Senate Floor in 2015.

AB 2235 (Buchanan) would have authorized the Kindergarten-University Public Education Facilities Bond Act of 2014 to provide for the issuance of \$4.3 billion in G.O. bonds for construction and modernization of school facilities, to become effective only if approved by voters at the November 4, 2014, statewide general

election. The bill also made changes to the School Facilities Program (SFP). The bill was held on the Senate Floor by the author in 2014.

AB 41 (Buchanan), introduced in 2013, expresses the Legislature's intent to place a Kindergarten-University facilities bond on the 2014 ballot. The bill was held by the author in the Assembly Education Committee.

SB 45 (Corbett), introduced in 2013, expresses the Legislature's intent to place a Kindergarten-University facilities bond on the next statewide general election. The bill was held by the author in the Senate Rules Committee.

SB 301 (Liu), introduced in 2013, expresses the Legislature's intent to place a Kindergarten-University facilities bond on the 2014 ballot. The bill was held by the author in the Senate Rules Committee.

AB 331 (Brownley), introduced in 2011, expressed the Legislature's intent to place a Kindergarten-University facilities bond on the 2012 ballot. The bill was held in the Assembly Appropriations Committee in 2012.

AB 822 (Block), introduced in 2011, would have placed a higher education facilities bond on the November 2012 ballot. The bill was held in the Assembly Appropriations Committee in 2012.

AB 220 (Brownley), introduced in 2009, would have placed a \$6.1 billion Kindergarten-University facilities bond on the November 2010 ballot. The bill was held in the Senate Appropriations Committee.

SB 271 (Ducheny), introduced in 2009, would have placed an \$8.6 billion higher education facilities bond on the November 2010 ballot. The bill was held in the Senate Appropriations Committee.

SUPPORT

Advancement Project
American Society of Civil Engineers
Arntz Builders
Association of California Construction Managers
Association of California School Administrators
Atascadero Unified School District
Beaumont Unified School District
Borrego Springs Unified School District
California Association of School Business Officials
California Association of Sheet Metal & Air Conditioning Contractors
California Association of Suburban School Districts
California Building Industry Association
California Community College Chancellor's Office
California Educational Technology Professionals Association
California Federation of Teachers
California Head Start Association
California Manufacturers & Technology Association

California Retired Teachers Association
California School Boards Association
California State University
California Teachers Association
Cardiff School District
Central Valley Education Coalition
City College of San Francisco
Coact Designworks
Community College Facility Coalition
Community College League of California
Compton Unified School District
County School Facilities Consortium
Del Norte Unified School District
Del Norte County Office of Education
Dinuba Unified School District
DLR Group
East Whittier City School District
Etiwanda School District
Fallbrook Un High School District
Firebaugh-Las Deltas Unified School District
First 5 California
Flint Builders
Foothill-De Anza Community College District
Fresno County Office of Education
Fresno County Superintendent of Schools
Fullerton Joint Union High School District
Garden Grove Unified School District
Glendora Unified School District
GMH Builders
Golden Valley Unified School District
Hemet Unified School District
HMC Architects
Irvine Unified School District
Jurupa Unified School District
Kern Community College District
Kern Union High School District
Long Beach Unified School District
Los Angeles County Office of Education
Maple School District
McGrath Rentcorp
Morrissey Associates
Mountain View Los Altos High School District
Napa County Office of Education
Napa Valley Unified School District
Oceanside Unified School District
Orcutt Union School District
Palm Springs Unified School District
PBK Architects
Placeworks
Rancho Santa Fe School District

Recolte Energy
Riverside County Office of Education
Riverside Unified School District
Sacramento County Office of Education
Sacramento Regional Builders Exchange
San Bernardino County District Advocates for Better Schools
San Diego County Office of Education
San Francisco Unified School District
San Luis Coastal Unified School District
Santa Ana Unified School District
Santa Cruz City Schools
Santee School District
School Facility Manufacturers' Association
SGH Architects
Small School Districts Association
Solano County Office of Education
Sonoma County Superintendent of Schools
Temecula Valley Unified School District
TLCD Architecture
University of California
Vallecitos School District
Vista Environmental Consulting
Wright Contracting
Yolo County Office of Education
Yuba Community College District
ZFA Structural Engineers

OPPOSITION

None received

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