

(Without Reference to File)

CONCURRENCE IN SENATE AMENDMENTS

AB 48 (O'Donnell and Glazer)

As Amended September 10, 2019

2/3 vote

**SUMMARY:**

Authorizes \$15 billion for the construction and modernization of public preschool, K-12, California Community Colleges (CCC), University of California (UC), and California State University (CSU) facilities to be placed on the March 3, 2020 primary ballot.

**The Senate Amendments:**

- 1) Establish 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; and,
    - iv) \$500 million for career technical education.
  - b) \$2 billion for the UC and the Hastings College of the Law;
  - c) \$2 billion for the CSU; and,
  - d) \$2 billion for community college facilities.
- 2) Specify the proceeds of the bonds issued and sold to be available for the purpose of funding aid to the UC, CSU, and CCC for the construction on existing or new campuses, and their respective off-campus centers and joint use and intersegmental facilities.
- 3) Require the CSU Board of Trustees and the UC Regents, as a condition of receiving funds from the 2020 bond fund, to adopt a five-year affordable student housing plan for each campus.
- 4) Require 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.
- 5) Require a governing board of a school district, governing board of a CCC district, county superintendent of schools, governing board of a charter school, the CSU Board of Trustees, the UC Regents, or the Hastings College of Law Board of Directors:
  - a) Conduct an independent performance audit of any project funded in whole or in part with Bond funding;

- b) Provide an opportunity for the public to provide input regarding projects up for approval (CCC districts and Local Educational Agencies) or consideration for submission to the state (UC and the CSU) that would be funded by the Bond; and,
  - c) Enhance transparency by placing specified project information, including the results of required audits, on their respective websites. Local educational agencies CCC districts, the UC, and the CSU would have the flexibility to use existing required independent project audits to fulfill the Bond Act's audit requirements.
- 6) Establish the 2020 State School Facilities Fund within the state treasury.
  - 7) Increase the state grant amount on a sliding scale basis, from 50% to 55%, based on a district's ability to generate local funds and the percentages of low income, foster care, and English learner students.
  - 8) Increase the state grant amount on a sliding scale basis, from 60% to 65%, based on a district's ability to generate local funds and the percentages of low income, foster care, and English learner students.
  - 9) Waive fees, until January, 1, 2026, for multifamily housing within a ½ mile of a major transit stop to increase access to housing.
  - 10) Provide a 20% reduction to multifamily housing projects in other areas until January 1, 2026.
  - 11) Suspend Level 3 fees, which doubles the fees paid by developers when state bond funds are exhausted, from January 1, 2021, or whenever existing bond funds are expended, to January 1, 2028.
  - 12) Repeal various obsolete code sections related to the State School Facilities Program.

#### **COMMENTS:**

*Please refer to the policy committee analysis of September 13, 2019 for further discussion.*

*Background.* Since the late 1980s, the Legislature has placed on the ballot and voters have approved bonds for public higher education every two to four years. The last statewide general obligation bond, Proposition 1D (AB 127 (Núñez and Perata), Chapter 35, Statutes of 2006), was approved by voters in November 2006, authorizing the sale of \$10.4 billion in general obligation bonds of which \$3.087 billion was earmarked for higher education facilities. \$1.5 billion was provided for CCC facilities, \$890 million was provided for UC, and \$690 million was provided for CSU. All Proposition 1D higher education facilities funds have been depleted. Further, 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 with \$7 billion for K-12 education facilities and \$2 billion for community college facilities.

#### **According to the Author:**

"The condition of a school sets the tone for the school day. As a teacher, I believe that students have a right to learn in a safe environment. AB 48 ensures that students are housed in adequate facilities that meet their educational needs. The state's success depends on student success."

**Arguments in Support:**

According to the Student Senate for California Community Colleges, the Cal State Student Association, and the University of California Student Association, "Growing numbers of California high school students are graduating college-ready and seeking the opportunities that higher education can provide. However, without expanding the physical infrastructure of our colleges and universities to meet growing enrollment, students could face overcrowded classes and increased difficulty accessing essential student services. Students sitting on the floors of lecture halls have become an all too common occurrence. At some campuses, no new buildings have been constructed since the 1960s, despite the tremendous increase in students. New construction funds provided by AB 48 would better serve the students of today and tomorrow."

**Arguments in Opposition:**

According to the Western Electrical Contractors Association (WECA), "It is inappropriate for the Legislature to create, in a funding measure, an incentive for school districts to execute a PLA [project labor agreement]. WECA thinks this will become a rallying cry for PLA supporters who will tout that a PLA 'increases your odds of receiving State funds'. WECA is disappointed you have decided to incorporate this special interest provision in this critical funding measure. WECA suspects you did so to obtain the support of the State Building and Construction Trades Council."

**FISCAL COMMENTS:**

According to recently received numbers from Assembly Appropriations staff, a 2020 primary general obligation bond amount of \$15 billion could result in total principal and interest costs of \$27.4 billion (\$15 billion in principal and \$12.4 billion in interest), with annual General Fund costs of about \$900 million, assuming an interest rate of 4.5% and a 30-year maturity. (Were interest rates to be 3.5%, total costs would be \$24.3 billion with annual GF costs of about \$800 million.

**VOTES:**

**ASM EDUCATION: 5-0-1**

**YES:** O'Donnell, Kalra, McCarty, Smith, Weber  
**ABS, ABST OR NV:** Kiley

**ASM HIGHER EDUCATION: 9-0-3**

**YES:** Medina, Quirk, Bloom, Gabriel, Irwin, Levine, Low, Santiago, Weber  
**ABS, ABST OR NV:** Choi, Kiley, Patterson

**ASM APPROPRIATIONS: 14-0-4**

**YES:** Gonzalez, Bloom, Bonta, Calderon, Carrillo, Chau, Diep, Eggman, Gabriel, Eduardo Garcia, Maienschein, Petrie-Norris, Quirk, Robert Rivas  
**ABS, ABST OR NV:** Bigelow, Brough, Fong, Obernolte

**ASSEMBLY FLOOR: 69-1-10**

**YES:** Aguiar-Curry, Arambula, Bauer-Kahan, Berman, Bigelow, Bloom, Boerner Horvath, Bonta, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Chu, Cooper, Cunningham, Daly, Diep, Eggman, Flora, Fong, Frazier, Friedman, Gabriel, Cristina Garcia, Gipson, Gloria, Gonzalez, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Lackey, Levine,

Limón, Low, Maienschein, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, O'Donnell, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Smith, Mark Stone, Ting, Voepel, Waldron, Weber, Wicks, Wood, Rendon

**NO:** Obernolte

**ABS, ABST OR NV:** Brough, Cooley, Dahle, Gallagher, Eduardo Garcia, Gray, Kamlager-Dove, Kiley, Mathis, Melendez

**ASM HIGHER EDUCATION: 11-0-1**

**YES:** Medina, Choi, Arambula, Bloom, Gabriel, Irwin, Kiley, Low, Patterson, Santiago, Weber

**ABS, ABST OR NV:** Levine

**UPDATED:**

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