

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## CA State School Bond System Needs Overhaul: Editorial

Over the objections of Gov. Jerry Brown, California voters passed Proposition 51, a \$9 billion bond measure to construct and modernize the state's public school, charter school and community college facilities. Now the governor is redoubling his efforts to reform the state's costly and convoluted school bond system, worrying school districts that construction project funds might be delayed or denied.

We understand communities' desperate need for new and modernized school facilities after 10 years without new bond funding — that's why The Chronicle supported Prop. 51. But the governor is right. California needs to find more fair, cheaper and faster ways to finance school and community college facility construction.

School districts and Prop. 51's sponsor, California's Coalition for Adequate School Housing, are nervous about changing the rules because so much rides on obtaining the funds: students need modern facilities; construction workers need jobs and the municipal bond industry needs business. San Francisco Unified School District, for example, has 23 modernization projects dependent on Prop. 51 funding, including projects at Washington and Lincoln high schools, and A.P. Giannini and Denman middle schools. While enrollment statewide is flat or declining, some districts, including Dublin and Fremont, need new schools to accommodate growth.

The governor's office swept aside last week concerns around delaying fund distribution or reordering the queue. "We are going to implement Prop. 51," said H.D. Palmer, spokesman for the state Department of Finance. "The people spoke; it is the law of the state."

The governor however is calling together stakeholders — school districts, builders, the financial industry and state agencies involved with funding applications — to figure out a new system going forward. His [concerns](#) are:

**Cost:** Prop. 51 loads an additional \$500 million onto the \$2.4 billion the state is paying annually to retire old school bonds.

**Efficiency:** 10 state agencies must approve bond funding, resulting in long time lines and "fragmented oversight."

**Fairness:** Larger districts that can afford personnel to bird-dog the applications tend to get funding, leaving out smaller or poorer districts with significant need but less ability to compete.

**Flexibility:** Current standards can result in costly new construction when maybe public dollars are better spent on educational programs or different kinds of facilities. Districts need more flexibility in how they raise and spend funds.

It is in every Californian's interest to keep borrowing costs low. Repaying Prop. 51 bond principal and interest crowds out general fund spending on other needs — affordable housing, transportation and water infrastructure, pensions. And everyone benefits when students have facilities to prepare

them well for 21st century jobs. Prop. 51 addressed the short-term needs; now we should support the governor's efforts to address the long-term concerns that affect our state's future.

**San Francisco Chronicle**

Updated: December 25, 2016 2:00pm

Copyright © 2024 Bond Case Briefs | [bondcasebriefs.com](http://bondcasebriefs.com)