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Orrick - Reforming California's Citizen Bond Oversight Committees: 4 Key Takeaways for Issuers

In a recent Op-Ed published in *The Bond Buyer*, Orrick partner John Palmer argues that California's citizen bond oversight committees (CBOCs)—created by Proposition 39 in 2000—have failed to detect fraud or misappropriation for over 25 years and should be replaced with more effective, professional accountability mechanisms.

Key Takeaways

1. CBOCs have not delivered on their promise. Fraud cases since Proposition 39's passage have been uncovered by law enforcement, new administrators, or the state's Fiscal Crisis and Management Assistance Team—not by the accountability mechanisms the proposition created. Committee members themselves have described their function as “irrelevant” because they review projects and expenditures only after decisions have been made and money spent.

2. Expanded CBOC authority creates problems for issuers. Advocacy organizations have promoted expanded CBOC powers—including independent legal counsel, prospective expenditure review, and self-governed bylaws—that create structural conflicts, undermine democratic accountability, and divert resources from school facilities.

3. The legislature can reform or replace CBOCs without a new ballot measure. The CBOC requirement is codified in ordinary legislation (Education Code Section 15278), not in the California Constitution, meaning it can be amended by a simple majority vote of the Legislature and gubernatorial approval.

4. Issuers can act now on voluntary oversight committees. For bonds and parcel taxes that do not legally require oversight committees, issuers can dissolve existing committees and omit such provisions from future ballot measures—replacing symbolic oversight with substantive alternatives like state-level audits, enhanced professional audits with plain-language summaries, and whistleblower protections.

[Read the full article. \(subscription required\)](#)

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