

1964

## BONDS TO PROVIDE STATE COLLEGE

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the State's business and farm leaders as well as numerous other organizations. Such a provision was inserted into the measure by the Senate but was later eliminated by the Assembly prior to its passage. Thus, no provision for payments to affected counties in lieu of lost taxes would be made in the proposed bond act.

The need for state owned recreational facilities is undeniable but is also undeniable that this act would in effect place the greater share of the burden of paying for such facilities on the counties in which they happen to be located. Thus, in the interest of fairness and

equity to the taxpayers in the counties which will be financially crippled by the proposed land acquisition program, let us resist this attempt to ram a once defeated and discredited proposal down our throats and vote NO on Proposition 1.

CARL L. CHRISTENSEN, JR.  
State Senator  
Third Senatorial District  
Humboldt County

PAUL SHEEDY  
Executive Vice President  
Property Owners' Tax Assn.,  
of Calif., Inc.

**FOR BONDS TO PROVIDE STATE COLLEGE, JUNIOR COLLEGE AND UNIVERSITY FACILITIES, AND TO PROVIDE FUNDS TO MEET THE BUILDING NEEDS OF THE STATE, INCLUDING FACILITIES TO CARE FOR MENTALLY RETARDED AND MENTALLY ILL AND NARCOTICS CONTROL, CORRECTIONAL AND FOREST FIRE FIGHTING FACILITIES.** (This act provides for a bond issue of three hundred eighty million dollars (\$380,000,000).)

**2**

**AGAINST BONDS TO PROVIDE STATE COLLEGE, JUNIOR COLLEGE AND UNIVERSITY FACILITIES, AND TO PROVIDE FUNDS TO MEET THE BUILDING NEEDS OF THE STATE, INCLUDING FACILITIES TO CARE FOR MENTALLY RETARDED AND MENTALLY ILL AND NARCOTICS CONTROL, CORRECTIONAL AND FOREST FIRE FIGHTING FACILITIES.** (This act provides for a bond issue of three hundred eighty million dollars (\$380,000,000).)

(For Full Text of Measure, See Page 5, Part II)

**Analysis by the Legislative Counsel**

This measure, the State Construction Program Bond Act of 1964, would authorize the issuance and sale of state bonds not exceeding the sum of \$380,000,000 to provide the necessary funds to meet the state's building construction, equipment and site acquisition needs. Bond proceeds, in amounts to be subsequently determined by the Legislature, must be used to meet the state's site acquisition needs for new institutions of public higher education. Not less than \$50,000,000 of the bonds authorized must be used to meet the state's building construction, equipment and site acquisition needs for public junior colleges.

The measure provides that the bonds are to be general obligations of the State for the payment of which the full faith and credit of the State is pledged, and it annually appropriates from the General Fund the sum necessary to make the principal and interest payments on the bonds as they become due.

The bonds are to be issued only for projects for which funds are appropriated in any year by the Legislature in a separate section of the Budget Act. The Department of Finance is required to total the appropriations made in such separate section of the Budget Act annually and to request the State Construction Program Committee, consisting of

the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Director of General Services, to have sufficient bonds issued and sold to carry out such projects.

**Argument in Favor of Proposition No. 2**

A "Yes" vote on Proposition No. 2 will enable California to continue to provide essential buildings for its ever-growing population—particularly our junior college, state college and university students.

Early in 1964 the state's population exceeded 18 million and is increasing at a rate of more than 600 thousand persons per year. The projects contained in the State Construction Bond Program are limited to those state facilities needed to serve adequately this population growth.

By far the greatest needs are in higher education. Of the \$380 million authorized by this Act, \$120 million is earmarked for the University of California, \$129 million for state colleges, and \$50 million for junior college construction—a total of almost \$300 million.

The college age group, whose educational needs are met almost entirely by state funds, is increasing at a rate more than double that of the total state. Our past support for education has proven one of our most productive investments. College gradu-

ates return to the state many times the cost of their education.

A relatively small portion of the program is for correctional and mental health facilities. The prison population has grown in direct relation to the high school and college population, and more effective correctional and rehabilitation programs will be made possible for both adult and juvenile offenders.

Significant achievements are being made in the field of mental health. Development of services in an effort to exploit these advances is needed. Experience has shown that the mentally retarded, with help and counselling, may return to gainful employment and more useful lives. The program provides for additional facilities to accomplish this and avoid increases in the backlog of cases requiring aid.

Inability to finance essential construction could result in the necessity for limiting enrollments at the colleges and the University and reducing the level of care of the mentally ill and mentally retarded. California experienced a similar dilemma at the end of World War II when facilities were obsolete, overcrowded and in some instances unsafe. In the postwar period the state was faced not only with a program for new construction but also with an expensive maintenance and repair program to bring facilities up to an acceptable level.

Proposition No. 2 is not a blank check; funds may be expended only for the purposes set forward in the Proposition and each project will be subject to specific legislative appropriation.

By the issuance of bonds the burden of repaying the cost of the construction will be borne by those generations using the facilities. With a net bonded debt of \$3.03 per \$100 of personal income, this state ranked 30th among the states in 1963. The all-state average was \$4.23—one-third more than California.

Passage of this Proposition will contribute to economic growth in California and continue the development of California's educational facilities which attract one-fourth of the Nation's prime defense contracts and one-half of all research and development contracts awarded by the National Aerospace Administration. Passage of Proposition No. 2 will assure continued growth and prosperity for California.

WALTER W. STIERN  
State Senator,  
34th Senatorial District  
Kern County

#### Argument Against Proposition No. 2

The public is conscious of the problems—the urgent need to provide proper facilities for many thousands of additional students in our tax-supported institutions. The tax-

paying public wants to meet these problems but they know that unless a rigid program of economy is achieved, which can still provide fully adequate structures, grave difficulties impend. Even the most casual survey shows, on campus after campus, that structures for state institutions of higher learning have been far more lavish and expensive than buildings of private non-tax supported universities for identical purposes.

These were our exact words two years ago in opposing the similar \$270,000,000 state construction bond issue on the ballot then. They are also true in 1964—except the condition is more acute. The Property Owners Tax Association warned voters in 1962 that an even larger bond issue would be asked this year. It is—\$350,000,000—again mostly for these schools. Unless defeated, a larger one looms in 1966. The state's official construction program for the next five years totals \$835,048,686—\$565,849,132 for universities and state colleges.

Adequate, economical planning should be the strict rule. Right now being built is a lavish new small-class type university, styled like the Oxford colleges—renowned as the prerogative of Britain's elite, Rhodes scholars and other select few.

Is there waste?

A recent six-months survey by F. W. Wyllie, space utilization expert especially hired by the Legislature, showed a 30 percent waste of building facilities in state colleges and universities. He reported that just to duplicate existing building capacity not being utilized would cost \$486,000,000.

Is a crisis approaching?

Reflecting the same concern as taxpayers over the already existing vast operating costs of the state's tax-paid higher education, Finance Director Hale Champion, the state's top financial authority, in an official address recently at Sacramento titled "Can We Pay the Bill?" said:

"I think we are going to be confronted with at least one very significant choice in the next few years—the choice between abandoning our tuition free system of higher education or finding additional acceptable tax sources to do the job."

Are other high officials concerned?

Assembly Speaker Jesse Unruh publicly warned the Legislature this would be the last bond issue of this type which would get his support—that tax costs for principal and interest payments would exceed funds from bonds by 1970, if present policies continued.

Has warning been given?

As to the state college and university projects submitted in the current budget, Legislative Analyst A. Alan Post blair told the Legislature that almost half of them should be re-examined because of excessive costs and other elements.

If this \$380,000,000, \$126,000,000 has even been already committed in the budget. The Legislature has anticipated spending what it didn't have.

This proposition absolutely means higher taxes or new taxes or both.

We most strongly urge a NO vote on Proposition No. 2.

THE PROPERTY OWNERS TAX  
ASSOCIATION OF CALIFORNIA

PAUL SHEEDY  
Executive Vice President

MELVIN HORTON  
Secretary

<b>3</b>	<b>FOR THE STATE SCHOOL BUILDING AID BOND LAW OF 1964.</b> This act provides for a bond issue of two hundred sixty million dollars (\$260,000,000) to provide capital outlay for construction or improvement of public schools.
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	<b>AGAINST THE STATE SCHOOL BUILDING AID BOND LAW OF 1964.</b> This act provides for a bond issue of two hundred sixty million dollars (\$260,000,000) to provide capital outlay for construction or improvement of public schools.
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(For Full Text of Measure, See Page 6, Part II)

**Analysis by the Legislative Counsel**

This proposed bond act, entitled the State School Building Aid Bond Law of 1964, would authorize a \$260,000,000 bond issue to create a fund to provide aid to school districts of the State in accordance with the provisions of the State School Building Aid Law of 1952. The latter law provides for loans or grants of money to school districts for acquisition of school sites and construction and acquisition of school buildings and equipment. It would be required that sufficient bonds be sold to make available for apportionment to districts \$70,000,000 on December 5, 1964, and \$12,000,000 on the fifth day of each successive month thereafter until the entire \$260,000,000 has become available. The State Allocation Board would be authorized to order an increase in the sale of bonds to raise the monthly apportionment to districts from \$12,000,000 to \$15,000,000.

All or any part of the bonds would be sold at the time or times fixed by the State Treasurer, pursuant to resolution of the State School Building Finance Committee determining that such sale is necessary or desirable, based, in turn, upon the request of the State Allocation Board, supported by a statement of the apportionments to school districts made or to be made.

The principal and interest on the bonds would be paid by moneys appropriated annually from the General Fund in the State Treasury, and it would be required that the sums necessary for these purposes be annually collected in the same manner and at the same time as other state revenue is collected. The proceeds from the sale of bonds, except those derived from premium and accrued interest, would be used for purposes of aid to school districts, and to repay moneys advanced or loaned to the State School Building Aid Fund under any other act of the

Legislature, and not for payment of bond principal or interest. Provision would be made for return, from the State School Building Aid Fund to the General Fund, of school district repayment moneys in amounts equal to bond principal and interest.

A revolving fund would be established to which would be deposited moneys withdrawn from the General Fund, pursuant to executive order of the Director of Finance, in amounts not exceeding bonds authorized to be issued by the State School Building Finance Committee. This money would be used to provide aid to school districts, but would be returned to the General Fund from bond proceeds.

The act would specify that bonds sold and delivered constitute valid and legally binding general obligations of the State, and that the full faith and credit of the State is pledged for punctual payment of principal and interest. The State General Obligation Bond Law would govern the issuance, sale, and repayment of the bonds, and related matters.

**Argument in Favor of Proposition No. 3**

The success of this measure is essential for California's boys and girls to have adequate classrooms. A "Yes" vote on this proposition is a vote to reduce crowded classrooms and double sessions which will improve teacher morale and efficiency. School children in California are increasing by a quarter of a million a year. This means we must provide 10,000 new or renovated classrooms annually. The passage of this program will help many needy districts secure classrooms to qualify for the additional \$10 per child in state aid by reducing class size in the primary grades.

This school building program has proved its value by not only providing loans to school districts that have reached the limit

acquisition of 50 acres or more of real property, or as an addition to an existing park to provide a total park area of 50 acres or more. Such projects shall also be devoted to multiple recreation purposes, as opposed to restrictive, single interest usage.

5096.23. Lands acquired by the State shall consist predominantly of open or natural lands, including lands under water capable of being utilized for multiple recreation pur-

poses. No funds derived from the bonds authorized by this section shall be expended for the construction of any reservoir designated as a part of the "State Water Facilities," as defined in subdivision (d) of Section 12934 of the Water Code, but such funds may be expended for the acquisition and development of beaches, parks, recreational facilities and historical monuments at or in the vicinity of any such reservoir.

**2** FOR BONDS TO PROVIDE STATE COLLEGE, JUNIOR COLLEGE AND UNIVERSITY FACILITIES, AND TO PROVIDE FUNDS TO MEET THE BUILDING NEEDS OF THE STATE, INCLUDING FACILITIES TO CARE FOR MENTALLY RETARDED AND MENTALLY ILL AND NARCOTICS CONTROL, CORRECTIONAL AND FOREST FIRE FIGHTING FACILITIES. (This act provides for a bond issue of three hundred eighty million dollars (\$380,000,000).)

AGAINST BONDS TO PROVIDE STATE COLLEGE, JUNIOR COLLEGE AND UNIVERSITY FACILITIES, AND TO PROVIDE FUNDS TO MEET THE BUILDING NEEDS OF THE STATE, INCLUDING FACILITIES TO CARE FOR MENTALLY RETARDED AND MENTALLY ILL AND NARCOTICS CONTROL, CORRECTIONAL AND FOREST FIRE FIGHTING FACILITIES. (This act provides for a bond issue of three hundred eighty million dollars (\$380,000,000).)

This proposed law, by act of the Legislature passed at the 1964 First Extraordinary Session, is submitted to the people in accordance with the provisions of Article I of the Constitution.

(This proposed law does not expressly amend any existing law; therefore the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

#### PROPOSED LAW

Section 1. This act shall be known and may be cited, as the State Construction Program Bond Act of 1964.

Sec. 2. The purpose of this act is to provide the necessary funds to meet the major building construction, equipment and site acquisition needs for the state government, including junior colleges. At least fifty million dollars (\$50,000,000) of the bonds authorized to be issued under this act shall be used only for building construction, equipment and site acquisition for public junior colleges.

Proceeds of the bonds authorized to be issued under this act, in an amount or amounts which the Legislature shall determine, shall be used for site acquisitions for new institutions of public higher education which institutions are approved or authorized by the Legislature subsequent to the adoption of this act by the people.

Sec. 3. Bonds in the total amount of three hundred eighty million dollars (\$380,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in Section 2 of this act. Said bonds shall be known and designated as State Con-

struction Program bonds and, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on said bonds as said principal and interest become due and payable.

Sec. 4. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, such sum in addition to the ordinary revenues of the State as shall be required to pay the principal and interest on said bonds maturing in said year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue to do and perform each and every act which shall be necessary to collect such additional sum.

Sec. 5. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this act, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this act, as said principal and interest become due and payable.

(b) The sum of seventy-five thousand dollars (\$75,000) to be used as a revolving fund to pay the expenses incurred by the State Treasurer in preparing and advertising the sale or prior redemption of bonds issued pursuant to this act, to defray expenses incurred by the State Construction Program Committee pursuant to Government Code Section 16758, and for the payment of legal services upon approval of the State Board of

Control, pursuant to Government Code Section 16760.

(c) Such sum as is necessary to carry out the provisions of Section 8 of this act, which sum is appropriated without regard to fiscal years.

Sec. 6. The proceeds of bonds issued and sold pursuant to this act, together with interest earned thereon, if any, shall be deposited in the State Construction Program Fund. The money in the fund may be expended only for the purposes specified in this act and only pursuant to appropriation by the Legislature in the manner hereinafter prescribed.

Sec. 7. A section shall be included in the budget bill for each fiscal year bearing the caption State Construction Bond Act Program. Said section shall contain proposed appropriations only for the program contemplated by this act, and no funds derived from the bonds authorized by this act may be expended pursuant to an appropriation not contained in said section of the Budget Act. The Department of Finance, which is hereby designated as the board for the purposes of this act, shall annually total the Budget Act appropriations referred to in this section and, pursuant to Section 16730 of the Government Code, request the State Construction Program Committee to cause bonds to be issued and sold in quantities sufficient to carry out the projects for which such appropriations were made.

Sec. 8. For the purposes of carrying out the provisions of this act the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this act. Any amounts withdrawn

shall be deposited in the State Construction Program Fund. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this act, together with interest at the rate of interest fixed in the bonds so sold.

Sec. 9. The bonds authorized by this act shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law (Chapter 4 of Part 3, Division 4, Title 2 of the Government Code), and all of the provisions of said law are applicable to said bonds and to this act, and are hereby incorporated in this act as though set forth in full herein.

Sec. 10. The State Construction Program Committee is hereby created. The committee shall consist of the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Director of General Services. For the purpose of this act the State Construction Program Committee shall be "the committee" as that term is used in the State General Obligation Bond Law.

Sec. 11. Out of the first money realized from the sale of bonds issued pursuant to this act there shall be redeposited to the credit of the appropriation made by subdivision (b) of Section 5 of this act such sums as have been expended for the purposes specified in said subdivision (b) of Section 5. The amounts so redeposited may be used for the same purposes whenever additional sales of bonds are made pursuant to this act. When all the bonds authorized by this act have been sold, the unexpended and unobligated balance of the appropriation made by subdivision (b) of Section 5 of this act, shall revert to the General Fund.

**3** FOR THE STATE SCHOOL BUILDING AID BOND LAW OF 1964. This act provides for a bond issue of two hundred sixty million dollars (\$260,000,000) to provide capital outlay for construction or improvement of public schools.

AGAINST THE STATE SCHOOL BUILDING AID BOND LAW OF 1964. This act provides for a bond issue of two hundred sixty million dollars (\$260,000,000) to provide capital outlay for construction or improvement of public schools.

This proposed law, by act of the Legislature passed at the 1964 First Extraordinary Session, is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

(This proposed law does not expressly amend any existing law; therefore the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

#### PROPOSED LAW

Section 1. Chapter 15.6 (commencing with Section 19911) is added to Division 14 of the Education Code, to read:

#### Chapter 15.6. State School Building Aid Bond Law of 1964

19911. This act may be cited as the State School Building Aid Bond Law of 1964.

19912. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter "herein" shall be deemed to refer both to this chapter and such law.