

1972

BONDS TO PROVIDE HEALTH SCIENCE FACILITIES

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Argument in Favor of Proposition 1

Nearly one million students are in California's 95 Community Colleges now, and it is estimated that there will be more than a million before 1975. Official projections by the Community Colleges Chancellor's Office and the State Department of Finance show the need for Community College campus construction programs totaling some \$303.5 million in the next three years.

State bond matching funds for Community College buildings are exhausted, and without additional state bonds the only financing for Community College construction would be local property taxes.

Approval of the bond act will enable Community College districts to construct educational facilities necessary to accommodate 80,000 more full-time equivalent students. The funds will be expended only if warranted by student enrollment growth.

Today, over half of the students enrolled in California public and private institutions of higher education are in attendance at public Community Colleges. Of \$450 million invested in buildings on Community College campuses in the past 15 years, only \$145 million have come from State funds, and facilities for Community Colleges are built at comparatively low cost per student. Bond funds cannot be used for matching district funds to build dormitories and student unions, to pay salaries or purchase supplies. These bond funds represent the least expensive means of financing other than through a direct tax. State bonds ordinarily have an amortization period of 20 to 25 years and have been sold in recent issues at between 4.7 and 5 percent.

Many benefits derive from the investment in Community College facilities. They offer high school graduates educational programs

in vocational and technical skills which are valuable in serving the employment needs of the local job market. They provide opportunity for young people to complete first two years of higher education, while residing at home, and to enter the University or a State College with junior standing. Adults desiring new vocational skills or to improve their vocational and technical skills are able to utilize the Community Colleges to great advantage. In addition, the Community Colleges offer communities the means to train welfare recipients in skills necessary for employment.

Each college is designed to serve the educational requirements of the local community and to relate its educational programs to the curricula of the secondary schools and of the state's institutions of higher education.

Californians have, through positive action, created a system of Community Colleges unequaled in the United States and, as a consequence, greatly increased the opportunity for youth to achieve post-high school education. There is no question that the Community Colleges have proved to be a sound educational investment for California citizens and taxpayers. It is clear that approval of the bond act is necessary to protect the state's Community College investment. It is also necessary if the state is to meet its commitment to provide state matching funds for community college construction.

The bond act passed both houses of the Legislature without a dissenting vote. It was approved by Governor Reagan. **VOTE YES.**

ROBERT J. LAGOMARSINO
State Senator, 24th District
ALBERT S. RODDA
State Senator, 5th District

FOR BONDS TO PROVIDE HEALTH SCIENCE FACILITIES. (This act provides for a bond issue of one hundred fifty-five million nine hundred thousand dollars (\$155,900,000).)

AGAINST BONDS TO PROVIDE HEALTH SCIENCE FACILITIES. (This act provides for a bond issue of one hundred fifty-five million nine hundred thousand dollars (\$155,900,000).)

(For Full Text of Measure, See Page 2, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote (a vote FOR BONDS) is a vote to authorize the issuance and sale of state bonds up to \$155,900,000 to provide funds for construction, equipment, and site acquisition for health science facilities at the University of California.

A "No" vote (a vote AGAINST BONDS) is a vote against authorizing the issuance and sale of state bonds for this purpose.

For further details, see below.
(Detailed analysis on page 7, column 1)

Cost Analysis by the Legislative Analyst

This proposition would authorize the state to borrow \$155,900,000 through the sale of general obligation bonds to provide funds to expand, develop and construct health sciences facilities on a number of campuses of the University of California. The proceeds of these bonds would be deposited in a special fund reserved solely for these uses and funds would not be expended without specific legislative appropriations.

(Continued on page 7, column 2)

**Detailed Analysis by the
Legislative Counsel**

This act, the Health Science Facilities Construction Program Bond Act of 1971, would authorize the issuance and sale of state bonds in an amount not to exceed \$155,900,000 to provide funds for construction, equipment, and site acquisitions for health science facilities at the University of California.

Money from the sale of these bonds could be expended only for projects for which funds are appropriated by the Legislature in a separate section of the Budget Act. The Department of Finance would be required each year to total the appropriations made in such separate section of the Budget Act and to request the Health Science Facilities Construction Program Committee, consisting of the Governor, the State Controller, the State Treasurer, the Director of Finance, and the Chairman of the Regents of the University of California, to have sufficient bonds issued and sold to carry out such projects.

The bonds would be general obligations of the state, for the payment of which the full faith and credit of the state is pledged. The act would appropriate from the General Fund the amount necessary annually to make the principal and interest payments on the bonds as they become due. The bonds would be issued and sold pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Art 3, Division 4, Title 2 of the Government Code).

Argument in Favor of Proposition 2

Proposition 2 will mean better health care for the people of California without increasing property taxes, since its cost will not be paid from property tax sources.

California needs more doctors, dentists, nurses and other absolutely essential health personnel if people in this state are to be maintained in good health. Crowded waiting rooms, unavailable physicians, "no house calls" and skyrocketing costs are only some indications of an impending health care crisis. Other indications are more serious.

—All California medical schools combined—public and private—produce only 600 physicians annually, yet three times that number will be required annually just to maintain the existing California ratio of physicians to population.

—California's medical and dental schools are forced to turn away 90-95% of the qualified applications because space and training facilities are lacking. These problems are worsening every year.

By increasing the supply of health care personnel and services in the face of rapidly growing demand, Proposition 2 will help to control spiralling health care costs. It will do

(Continued in column 2)

Cost Analysis by the Legislative Analyst

(Continued from page 6, column 2)

The planned expenditure program of the University anticipates additional federal grants totaling approximately \$97.7 million and funds from other nonstate sources totaling approximately \$71.3 million making a grand total with the state bond money of \$324.9 million.

Under this plan, the major expenditures would occur at the new medical schools at Davis and Irvine with substantial expenditures at the oldest medical campus in San Francisco as well as at Los Angeles and San Diego. Some of the funds would also be expended at Berkeley and Riverside for medically related facilities, particularly in optometry and public health. Actual total enrollments in health sciences for the 1970-71 academic year were 7,015 with the major emphasis in medicine which accounts for more than one-half the total enrollment. The remaining enrollment is in dentistry, nursing, optometry, pharmacy, public and community health, and veterinary medicine. The goal of the proposed plan is for a total enrollment in health sciences in excess of 11,675. This would nearly double the enrollments in the medicine and public health disciplines and would increase enrollments in the other areas to a lesser degree.

The initial step in this plan has already been reviewed by the Legislature and specific projects have been authorized in the Budget Act of 1972. These appropriations authorize expenditures of \$18,002,000 of these bond funds but of this amount it is estimated that only \$10,038,000 would be expended if the maximum amount of anticipated federal grants is received.

The bonds are general obligation in nature and pledge the full faith and credit of the state for their payment. The repayment of the principal amount borrowed, as well as the interest thereon, will be borne by the general taxpayer as has been the case with similar issues to construct state educational facilities.

This measure has been substantially reduced from the \$246.3 million proposed for University of California health science facility construction in a proposition which was not approved by the electorate at the June 2, 1970 primary election.

(Continued from column 1)

so at the cost of just 50¢ per year per person over the life of the bonds and it will bring to California nearly \$100,000,000 in federal matching funds to help us achieve this goal.

By dramatically increasing California's output of physicians, dentists, nurses, optometrists, medical researchers, pharmacists and veterinarians, Proposition 2 will help assure that California citizens will not needlessly suffer and even die for lack of medical care when they need it.

A vote for Proposition 2 is a vote for your good health as well as that of your family and friends.

STEPHEN P. TEALE
State Senator, 3rd District
WILLIE L. BROWN, JR.
Assemblyman, 18th District
BOB MONAGAN
Assemblyman, 12th District

Rebuttal to Argument in Favor of Proposition 2

The argument in favor of Proposition No. 2 states in general terms what everyone basically agrees with but still does not go to the basic issue of justifying the huge size of this bond issue divided as it is into two parts.

It is also true that California has for many years had to "import" doctors as our needs have long exceeded our supply; however, California is a very attractive state in which to practice medicine and always will be.

The proponents should have met the issues raised in the argument against this proposition, but have chosen not to.

Vote "No."

CLARK L. BRADLEY
State Senator, 14th District

Argument Against Proposition 2

A "No" vote is requested in connection with Proposition 2 providing for a \$155,900,000 bond issue with an additional bond issue of \$138,100,000 to go on the ballot in 1976, to provide funds to meet the construction, equipment, and site acquisition needs of the state for purposes of providing health science facilities at the University of California. This is a total of \$294,000,000 over a period of four years. This is a revised proposal from the original proposal, calling for a vote on the total of \$294,000,000 this November.

There are two basic objections to this proposition. One is the fact that the amount is still excessively high inasmuch as the purpose of the bond issue is ostensibly limited to but one field of study at the University of California and its campuses. This leaves the serious question as to how soon the University of California will have to come before the people for funds for capital outlay construction in all of the other areas of study at the University, and of course, if the first part of the bond issue is approved, the cry will be that we must approve the 1976 bond issue "to finish the job."

The second objection is the indefiniteness of the construction purposes. This act proposes to create a "Health Science Facilities Construction Program Committee." The term "Health Science Facilities" is very indefinite.

The 1972 amendments to Proposition 2 now state that the bonds "may" also be used for the purpose of constructing on-campus

teaching hospitals at the University of California campuses at Davis and Irvine. Apparently, the funds would not be limited to this purpose and the conclusion, therefore, is that the Act is deliberately made indefinite.

While the Act states that the proceeds of the bonds authorized to be used shall be used for the above stated purposes as are approved and authorized by the Legislature, the only way the Legislature seems to have any control is to be found in Section 7 of the 1971 part of the Act which provides that the proceeds so deposited in the fund shall be reserved and allocated solely for expenditure for the purpose specified in this Act and only pursuant to appropriation by the Legislature in the manner hereinafter prescribed. Section 8, which follows, says that a section shall be included in the Budget Bill for each fiscal year which section shall contain proposed appropriations. Apparently, the adoption of the Budget Act by the Legislature is the extent of the approval and authorization by the Legislature. It is not clear as to the power of the Legislature to change or modify the program contemplated by this Act.

I would much prefer a more open and direct proposal be submitted to the voters; there was no clearcut justification made to the Senate as to the need for the total amounts proposed. I urge a "No" vote.

CLARK L. BRADLEY
State Senator, 14th District

Rebuttal to Argument Against Proposition

The argument against Proposition 2 ignores the basic issue—California is facing a major medical care crisis. We badly need doctors, dentists, nurses and other health care specialists. Without the passage of this measure the quality of medical care in California may be severely jeopardized while the cost of treatment will continue to skyrocket.

Proposition 2 will enable us to train sufficient health care personnel and construct the minimum facilities necessary to meet the needs of our people. It will affect not one but many fields of study related to both human and animal health.

The argument against Proposition 2 is based on the premise that the measure should be for \$294 million dollars instead of only 156 million dollars. This reasoning doesn't make sense. Why should we ask the voters to approve any more money than is absolutely necessary at this time?

The contention that the Legislature does not have enough power over these funds is misleading. Priorities have been set for projects needed, and, after the bond issue is approved by the voters, each project must be approved by the Legislature and the Governor before it can be started. No construction will be left incomplete to depend upon funding from a future bond issue.

Proposition 2 makes sense because it is a fiscally responsible program. It will cost the average citizen only 50¢ per year. From a dollars and cents point of view, Proposition 2 will mean better health care at a lower cost for California families.

STEPHEN P. TEALE
State Senator, 3rd District
WILLIE L. BROWN, JR.
Assemblyman, 18th District
BOB MONAGAN
Assemblyman, 12th District

3	ENVIRONMENTAL POLLUTION BOND AUTHORIZATION. Legislative Constitutional Amendment. Authorizes Legislature to provide for issuance of revenue bonds, not secured by taxing power of state, to finance acquisition, construction, and installation of environmental pollution control facilities, and for lease or sale of same to persons, associations, or corporations, other than municipal corporations. Financial impact: No direct cost.	YES	
		NO	

(For Full Text of Measure, See Page 3, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this legislative constitutional amendment is a vote to authorize the Legislature to provide for the issuance of revenue bonds to finance the acquisition, construction, and installation of environmental pollution control facilities and to provide for the lease or sale of such facilities.

A "No" vote is a vote against granting the Legislature such authority.

For further details, see below.

Detailed Analysis by the Legislative Counsel

This measure would amend the Constitution to authorize the Legislature to provide for the issuance of revenue bonds, not secured by the taxing power of the state, to finance the acquisition, construction, and installation of environmental pollution control facilities, including the acquisition of all technological facilities necessary or convenient for pollution control, and to provide for the lease or sale of such facilities to persons, associations, or corporations, other than municipal corporations. The Legislature would be authorized to prohibit or limit any proposed issuance of such revenue bonds by resolution adopted by either house.

The measure would not authorize a public agency to operate any industrial or commercial enterprise.

Argument in Favor of Proposition 3

Pollution control requirements, newly imposed by federal, state and local governments, now make it mandatory that private industry construct a wide variety of pollution control facilities to prevent air pollution, water pollution and other environmental contamination.

No amount of requirements, by themselves, can guarantee speedy compliance with these new pollution control standards. Compliance, in large part, depends upon the availability of adequate funds to finance construction of complex pollution control devices.

(Continued on page 10, column 1)

Cost Analysis by the Legislative Analyst

This constitutional amendment would permit the Legislature to provide for the sale of revenue bonds to finance the acquisition, construction and installation of pollution control facilities and for the lease or sale of such facilities to persons, associations, or corporations, other than municipal corporations. The repayment of the bonds would not be guaranteed by the taxing power of the state.

Assembly Bill No. 1925, which is pending in the current session of the Legislature would, if enacted and signed by the Governor, establish a California Pollution Control Financing Authority. The authority would be authorized to sell revenue bonds in the name of the State of California and to use the proceeds from the bonds to finance the cost of lands, equipment and construction of facilities for lease to private industry to control all forms of pollution to the environment. The lease rentals on the pollution facilities would pay the principal and interest on the revenue bonds and the operating costs of the authority.

AB 1925 would authorize the authority to issue \$200,000,000 in revenue bonds to construct the pollution facilities. Additional amounts may be authorized by the authority unless either house of the Legislature passes a resolution disapproving the issue. The bill may be revised prior to final enactment or not enacted. Other legislation may be enacted but AB 1925 by its own provisions, is designated as the means of implementing this constitutional amendment.

Although any revenue bonds issued pursuant to this constitutional amendment would be self-supporting and not backed by the taxing power of the state, such bonds could have an effect on the finances of state government. First, the sale of large amounts of such bonds in addition to other state bonds could increase the interest rate on future issues of state bonds on which the interest is paid from tax revenues. Second, if revenues do not cover debt service on the revenue bonds, the state's ability to sell bonds could be impaired. As a consequence

(Continued on page 10, column 2)

to be sold for the purpose of carrying out this act. Any amounts withdrawn shall be deposited in the State Construction Program Fund, and shall be reserved, allocated for expenditure, and expended as specified in Section 6 of this act. 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

(commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of said Code 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 Community College 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 Chancellor of the California Community Colleges. For the purposes of this act the Community College Construction Program Committee shall be "the committee" as that term is used in the State General Obligation Bond Law.

FOR BONDS TO PROVIDE HEALTH SCIENCE FACILITIES. (This act provides for a bond issue of one hundred fifty-five million nine hundred thousand dollars (\$155,900,000).)

AGAINST BONDS TO PROVIDE HEALTH SCIENCE FACILITIES. (This act provides for a bond issue of one hundred fifty-five million nine hundred thousand dollars (\$155,900,000).)

This law proposed by SB 281 (Ch. 665), by act of the Legislature passed at the 1971 Regular Session (as amended by SB 220 (Ch. 152) and AB 589 (Ch. 470), passed at the 1972 Regular 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 **BOLDFACE TYPE** to indicate that they are **NEW**.)

PROPOSED LAW

Section 1. It is the intention of the Legislature in adopting this act to increase to the maximum extent possible the output of health professionals, the training of new categories of health personnel, the production of new knowledge on the prevention and care of disease, the efficiency of health care delivery systems, and the utilization of available federal funds, and, in so doing, to thereby minimize the cost of meeting the health care needs of the people of California.

Sec. 2. This act shall be known and may be cited as the Health Science Facilities Construction Program Bond Act of 1971.

Sec. 3. The purpose of this act is to provide the necessary funds to meet the construction, equipment, and site acquisition needs of the state for purposes of providing health science facilities at the University of California.

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 the construction, equipment, and site acquisition of health science facilities at the University of California as are approved and authorized by the Legislature.

Sec. 4. Bonds in the total amount of one hundred fifty-five million nine hundred thou-

sand dollars (\$155,900,000), 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 3 of this act, and to be used to reimburse the General Obligation Bond Expense Revenue Fund pursuant to Government Code Section 16724.5. Said bonds shall be known and designated as 1971 Health Science Facilities Construction 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 is hereby pledged for the punctual payment of both principal and interest on said bonds as said principal and interest become due and payable.

Sec. 5. 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. 6. 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) Such sum as is necessary to carry out the provisions of Section 9 of this act, which sum is appropriated without regard to fiscal years.

Sec. 7. The proceeds of bonds issued and sold pursuant to this act, together with interest earned thereon, if any, shall be deposited in the Health Science Facilities Construction Program Fund. The money so deposited in the fund shall be reserved and allocated solely for expenditure for the purposes specified in this act and only pursuant to appropriation by the Legislature in the manner hereinafter prescribed.

Sec. 8. A section shall be included in the Budget Bill for each fiscal year bearing the caption "1971 Health Science Facilities 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 Health Science Facilities 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. 9. For the purposes of carrying out the provisions of this act the Director of Finance may by executive order authorize 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 Health Science Facilities Construction Program Fund, and shall be reserved, allocated for expenditure, and expended as specified in Section 7 of this act. 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. 10. 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 (commencing with Section 16720) 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. 11. The Health Science Facilities 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 Chairman of the Regents of the University of California. For the purpose of this act, the Health Science Facilities Construction Program Committee shall be the "committee" as that term is used in the State General Obligation Bond Law.

3 ENVIRONMENTAL POLLUTION BOND AUTHORIZATION. Legislative Constitutional Amendment. Authorizes Legislature to provide for issuance of revenue bonds, not secured by taxing power of state, to finance acquisition, construction, and installation of environmental pollution control facilities, and for lease or sale of same to persons, associations, or corporations, other than municipal corporations. Financial impact: No direct cost.

YES

NO

(This amendment proposed by Assembly Constitutional Amendment No. 81, 1972 Regular Session, expressly adds a new section to the Constitution; therefore, **NEW PROVISIONS** proposed to be **ADDED** are printed in **BOLDFACE TYPE**.)

**PROPOSED AMENDMENT TO
ARTICLE XVI**

Sec. 14. The Legislature may provide for the issuance of revenue bonds to finance the acquisition, construction, and installation of environmental pollution control facilities, including the acquisition of all technological facilities necessary or convenient for pollution control, and for the lease or sale of

such facilities to persons, associations, or corporations, other than municipal corporations; provided, that such revenue bonds shall not be secured by the taxing power of the state; and provided, further, that the Legislature may, by resolution adopted by either house, prohibit or limit any proposed issuance of such revenue bonds. No provision of this Constitution, including, but not limited to, Section 25 of Article XIII and Sections 1 and 2 of Article XVI, shall be construed as a limitation upon the authority granted to the Legislature pursuant to this section. Nothing herein contained shall authorize any public agency to operate any industrial or commercial enterprise.