1976

BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES

4 BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES

Ballot Title

FOR BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES. (This act provides for a bond issue of one hundred fifty million dollars ($150,000,000).)	
AGAINST BONDS TO PROVIDE PUBLIC COMMUNITY COLLEGE FACILITIES. (This act provides for a bond issue of one hundred fifty million dollars ($150,000,000).)	

FINAL VOTE CAST BY LEGISLATURE ON SB 156 (PROPOSITION 4):
ASSEMBLY—Ayes, 61 SENATE—Ayes, 27
Noes, 8 Noes, 1

Analysis by Legislative Analyst

PROPOSAL:

Background. Community college construction money is provided by the local community college district, the state, and the federal government.

The state, local and federal share of the total construction cost is specified in a formula which provides that (1) in the event federal money is available it is used before a state-local sharing formula is applied, and (2) the state's share may range from 0 percent to 100 percent depending upon the local community college district's needs and its ability to pay.

Since 1965, state funds for community college construction have come from the sale of general obligation bonds. The last community college bond act, approved by the voters in November 1972, authorized $160 million in capital outlay bonds. Officials of the California Community Colleges estimate that all but $1.5 million of that amount will be spent by July 1, 1976. The $160 million, when combined with money provided by local districts and the federal government, will have resulted in approximately $243 million worth of community college construction when totally spent.

Proposition. This proposition continues State of California assistance to local public community colleges to fund buildings related to their growth requirements.

It will allow the state to sell an additional $150 million in general obligation bonds to be used by public community college districts to buy land, construct buildings, and acquire necessary equipment.

FISCAL EFFECT:

If the voters approve this $150 million bond act, an additional $150 million in local district funds would also be spent under the traditional sharing formula. Official of the California Community Colleges estimate that all of the money (approximately $300 million) could be fully committed to authorized community college outlay projects by July 1, 1978. The actual rate at which the funds would be spent depends upon an annual review and approval of projects by the Legislature and Governor in the regular state budgeting process.

The interest cost of the $150 million in state bonds will depend upon their maturity date and the interest rate, neither of which is known at this time. However, based on past experience, we estimate total interest costs over the life of the bonds will be approximately $94,500,000 assuming an average six percent interest rate.

Polls are open from 7 A.M. to 8 P.M.

This law proposed by Senate Bill No. 156 (Statutes of 1975, Chapter 1066) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not amend any existing law. Therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Sections 1 to 10, inclusive, of this act shall be known and may be cited as the Community College Construction Program Bond Act of 1976.

SEC. 2. The purpose of this act is to provide the necessary funds to meet the major building construction, equipment and site acquisition needs of California public community colleges.

For the purposes of this act, "public community colleges" includes public junior colleges, public community colleges, and any other public colleges which are maintained and operated as public community colleges or 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 major building construction, equipment and acquisition of sites for California public community colleges under the Community College Construction Act of 1967 (Chapter 19 (commencing with Section 20050) of Division 14 of the Education Code), as it may be amended from time to time, or under any act enacted to succeed the Community College Construction Act of 1967.

The first proceeds of the bonds authorized to be issued under this act shall be used to repay loans or advances made to the Community College Construction Program Fund.

Proceeds of the bonds authorized to be issued under this act also may be used to complete major building construction, acquisition of equipment and acquisition of sites for California public community colleges authorized by the Legislature pursuant to the Community College Construction Program Bond Act of 1972.

SEC. 3. Bonds in the total amount of one hundred fifty million dollars ($150,000,000), 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, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Government Code Section 16724.5. Said bonds shall be known and designated as Community College Construction Program Fund 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) 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 Community College 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.

SEC. 7. The office of the Chancellor of the California Community Colleges, which is hereby designated as the board for the purposes of this act, shall annually total the appropriations referred to in Section 6 and, pursuant to Section 16730 of the Government Code, request the Community College 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 office of the Chancellor of the California Community Colleges may request the Director of Finance by executive order to 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 Community College 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.

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 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 Community College Construction Program Committee is hereby continued. The committee shall consist of the Governor or his designated representative, 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.

Apply for Your Absentee Ballot Early

4 Bonds to Provide Public Community College Facilities

Argument in Favor of Proposition 4

Proposition 4 is needed to provide state funds to maintain and expand facilities in California's 103 public community colleges. It will help protect homeowners from excessive increases in local property taxes for capital construction.

If this bond issue is not approved, the state may be forced to refuse to provide its share of construction costs and renege on its long term commitment to the community colleges. The effect would be to shift total costs of community college construction to local property taxpayers, with the greatest increase in property tax rates in those areas where there is the greatest expansion.

Under the Master Plan for Higher Education, which was implemented in 1960, a significant percentage of the students who traditionally would have attended the University and State University and Colleges Systems have been encouraged to enroll in the community colleges, where the costs per student are less. This resulted in the transfer to local taxpayers of a heavier burden of taxation for the support of higher education for both instructional purposes and construction of facilities. As a matter of equity, therefore, the state agreed to provide 50% of the construction costs of community college facilities. This commitment has been kept since that time and has proven very helpful to local community college districts. Because of it, community colleges have been able to meet the rapidly expanding educational needs of their communities.

Despite school enrollment declines in other segments of public education, there continues to be an increase in community college enrollment. Statewide, growth is estimated to continue at a substantial rate each year for the foreseeable future. In almost all community colleges throughout the state there have been substantial increases in enrollment which require expansion of existing college facilities and replacement of old, obsolete or unsafe facilities.

State money for this cost has always been derived from the sale of state bonds which have consistently been approved by the voters, but all previous bond revenues have been exhausted. The approval of this proposition will give the State the authority to sell $150 million in bonds, **when they are needed,** to assist community college districts and to keep California's commitment under the Master Plan for Higher Education. **The revenues from these bonds will be expended for facilities only after the local district, the state administration and the Legislature jointly determine the need for each project.**

This proposition was approved overwhelmingly by both houses of the State Legislature and signed by Governor Edmund G. Brown, Jr. It is also endorsed by the Board of Governors of the California Community Colleges.

We urge you to vote YES on this proposition to continue the state-local partnership in providing educational opportunities for all the citizens of California.

ALBERT S. RODDA
Member of the Senate, 5th District
Chairman, Committee on Education

JAMES R. MILLS
President Pro Tempore of the Senate

GEORGE DEUKMEJIAN
Member of the Senate, 37th District
Minority Floor Leader

Rebuttal to Argument in Favor of Proposition 4

The arguments made by the proponents of Proposition 4 are accurate as far as they go, but they do not mention that there is an alternative way for the State to meet its obligations in community college construction—an alternative that would be cheaper for all the State's taxpayers.

The proponents' argument is faulty when they fail to indicate that the State can meets its obligation on a pay-as-you-go basis from "surplus" funds that have been set aside in the Governor's Budget from the Capital Outlay Fund for Public Higher Education (COFPHE). COFPHE funds are available in the amounts indicated for community college construction purposes and, if used, would avoid the necessity of obligating the State's taxpayers to pay the interest rates on a long term bond. It is not sufficient for proponents to argue that community college facilities must again be funded by a bond act simply because it has become a tradition—not when other less-costly funds are available. Your "NO" vote should not necessarily be interpreted to mean that you oppose the construction of these facilities, but it should be interpreted by the Legislature and the Governor, at the least, to mean that you insist that the State's monies be managed prudently and with a far greater degree of respect for the current and future taxpayers of this State.

DIXON ARNETT
Member of the Assembly, 20th District

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 4

I urge you to vote "NO" on Proposition 4 because there are sufficient funds to pay for the projects which are requested in this bond issue out of ongoing monies as opposed to obligating ourselves and our children for the interest payments over the life of the bonds.

In 1975, Governor Brown in his Budget indicated that there was an $83 million "surplus" in the Capital Outlay Fund for Public Higher Education (COFPHE). This is a fund supported by the revenue received by the State from tideland leases to oil companies and has been specifically earmarked in the past for expenditure for capital construction facilities for higher education.

During the debate on the 1975–76 Budget, members of the Legislature insisted that the COFPHE Fund remain intact and that the surplus not be used, as the Governor proposed, for unrestricted general fund purposes. The Legislature won the argument, and the "surplus" was maintained for capital outlay. In fact, in the final version of the Budget it contained $20 million from the COFPHE Fund for community colleges, thus establishing the precedent of appropriating funds from this source for community college buildings. In addition, there is a "surplus" of $78 million this year, and it is anticipated that such a surplus (slightly diminished) will continue in the foreseeable future.

There is no reason why capital construction for community colleges cannot be included in future Budgets as a part of the COFPHE Fund.

It would be far cheaper for all California's taxpayers now and in the future for us to use the COFPHE Fund money than it would be for us to float this bond issue with its millions of dollars of necessary interest, and thus obligate our taxpayers for a far higher contribution than would be necessary to accomplish exactly the same ends. In other words, use current surplus reserves. Do not obligate Californians to extra taxes to finance more bonds and the millions of dollars of interest required to service them at this time.

The only way you have to forcefully instruct the Governor and the State Legislature that it is your desire to have our State's construction program managed efficiently and effectively and at less cost is to vote "NO" on Proposition 4.

DIXON ARNETT
Member of the Assembly, 20th District

Rebuttal to Argument Against Proposition 4

In his argument, Assemblyman Arnett does not question the need for State assistance to meet local community college construction priorities. He simply suggests that we use the proceeds from a different State fund to provide the necessary financing.

It has been the traditional State fiscal policy during the administrations of Governors Reagan and Brown to finance the construction needs, which are still unmet, of the University of California and the State University and Colleges through the Capital Outlay Fund for Public Higher Education. This Fund was utilized for community college capital outlay in 1975 only because the Community College Bond Fund was exhausted. The action which is described as a precedent, therefore, was actually an emergency response to an urgent need. In addition, efforts are made each year in the Legislature to use the COFPHE Fund for purposes other than education. If money is taken from this fund for non-educational purposes, the amounts available will not meet the needs of all three segments of public higher education.

Your YES vote on Proposition 4 is needed to guarantee that our community colleges will be able to provide education and training at the lowest possible cost to local property taxpayers. Your YES vote is needed to make sure that the State of California continues to meet its obligation to its citizens and taxpayers.

ALBERT S. RODDA
Member of the Senate, 5th District
Chairman, Committee on Education

JAMES R. MILLS
President Pro Tempore of the Senate, 40th District

GEORGE DEUKMEJIAN
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