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**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

BOARD OF EDUCATION 2018

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Members, California State Legislature
State Capitol Building
Sacramento, CA 95814

Dear Senator/Assembly Member:

The organizations on this letterhead ask for your support to increase the amount of voter approved Proposition 51 state school bonds to be sold in the 2018-19 fiscal year. The Administration's proposed State Budget includes \$640 million in State school bond sales. At this rate, kids will have to wait *five* years after a complete funding application is submitted before they see the new school or renovated classrooms their parents voted for.

The \$640 million proposal is absolutely inadequate for a program that has a \$3.2 billion backlog in complete applications ready for final processing and funding. In November 2016, voters approved \$7 billion in general obligation bonds for K-12 school construction, and to date only about \$600 million has been sold to fund critical school construction and renovation projects across the state. The Coalition asks that the State direct that \$3.0 billion in voter-approved Proposition 51 state school bonds be sold in the 2018-19 fiscal year and \$3.0 billion in state matching funds be apportioned for projects in the 2018-19 Budget.

Delaying needed state funding and bond sales just increases taxpayer costs. The federal government is looking at increasing interest rates and the bond market already is reflecting higher interest costs to sell bonds. In the next 16 months California could see a significant increase from four or more rate hikes by the Federal Reserve.

At the same time, construction costs are escalating by 6 to 8 percent a year, and in some regions by as much as 1 percent per month. Delaying state school bond sales means less purchasing power from the effect of construction cost escalation, resulting in fewer projects. Taxpayers should not have to pay more and receive less while the kids have to wait for their new schools and renovated classrooms.

Why School Bond Sales Matter

- There is a greater than \$3.0 billion backlog in unprocessed applications to build and repair schools. Proposition 51 has approximately \$6.5 billion in unsold K-12 voter authorized bonds to fund that backlog and the new applications that are being submitted.
- With current staffing, the Office of Public School Construction (OPSC) has shown they can process the applications to meet the amount of available state school bond funds. At one time OPSC could process \$300 million to \$400 million per month in applications. The Coalition's proposal is only \$250 million per month.
- Adding another \$2.36 billion (which when added to the proposed \$640 million results in \$3.0 billion) in Proposition 51 school bond sales would only increase the K-12 state school bond debt service by \$20 million in the 2018-19 fiscal year, if an additional \$1.0 billion was added to the Fall bond sale and the remainder added to the Spring 2019 bond sale.
- Because of selling \$2.36 billion more in voter-approved Proposition 51 bonds, the State General Fund revenues in 2018-19 should increase more than \$20 million (in fact, by our estimates General Fund revenues increase by more than \$150 million).
- The Governor's \$640 million would only fund applications submitted before October 2014. Everything submitted after that would have to wait until at least Fall 2019 -- MORE THAN 5 YEARS AFTER THE COMPLETED APPLICATIONS WERE SUBMITTED.
- The Coalition's proposal should fund applications submitted through Summer 2017.
- New facilities are desperately needed in districts with population growth and aging school facilities require updates and repairs to ensure the health and safety of students.
- Even in districts without population growth, schools need to build CTE facilities and labs to provide students alternative pathways to future careers.

For these reasons we ask you and the State Legislature to:

- Sell an additional \$2.36 billion in K-12 school bonds, in addition to the budget proposal's \$640 million, for a total of \$3 billion in FY 2018-19.
- Include budget language to require at least \$3.0 billion in projects be processed for State Allocation Board (SAB) apportionment in 2018-19.

Thank you for your help to provide needed school facilities for children and teachers. Attached is additional information related to our ask of you and the Legislature.

Sincerely,

BOARD OF EDUCATION OF THE OAKLAND UNIFIED SCHOOL DISTRICT



Aimee Eng
President

AE:lf

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