



## Proposition 51



Issues Committee  
I.D. 980478

### State and Local School Bond Accountability and Transparency

#### State School Bond Funding Process

The state has multiple points of accountability prior to providing school districts with state bond fund apportionments. This starts with the application process that validates school district compliance with:

- State agency requirements such as a Division of the State Architect (DSA) approval of structural, fire, and life safety plans for school construction, compliance with California Environmental Quality Act (CEQA).
- Compliance with Department of Toxic Substances and Control (DTSC) on school site environmental safety.
- California Department of Education (CDE) site selection procedures.
- Eligibility for state funding based on state eligibility determination.
- Office of Public School Construction (OPSC) review of plans, costs, and validating local match funds.

After completing the process, the district is awarded funding authorization. Within 90 days, however, the district must be under contract for 50% or more of the construction costs or the authorized funds will not be released and the funds will revert for reallocation.

#### After the Funds are Released

The state requires submittal of annual expenditure and progress reports to ensure the funds are being used for the approved purpose. Any scope changes have to be approved by the state, but no additional funding is provided, even if the state approves a scope change. The initial apportionment of state funds is considered to be “full and final.”

The state also requires close-out audits by OPSC to review expenditures and recover funds if they have been spent inappropriately. Additionally, a district can be denied future funding if it is determined they intentionally misrepresented data provided to the state in order to increase state funding.

In addition to the eligibility and audit process, the Department of Industrial Relations (DIR) requires information to be submitted during the course of construction. This information is used to enforce public works Project Labor Compliance requirements such as prevailing wage and similar requirements.



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### **Local School Bond Accountability – For Both Proposition 39 55% Voter Approved Bonds and Bonds Approved with 66 2/3 %.**

All voter approved bonds are subject to the required annual independent audit of all school district expenditures. Additionally, if used with a state funded project, the annual OPSC audits and close-out audits are required. Finally, because bond funds are used for public works projects, all of the DIR reviews are required.

### **Local School Bond Accountability – Additional for Proposition 39 (2000) 55% Voter Approved Bonds**

Current law contains tax rate caps for funding the principal and interest costs of voter approved Proposition 39 bonds. Additionally, these bonds must have annual local audits and Bond Oversight Committees (with a required taxpayer representative). Finally, Proposition 39 bonds must specify the purposes and projects that will be funded with the bond proceeds in the language placed before voters on the ballot.

### **State School Bonds - Transparency**

There are many significant transparency provisions for state school bonds. All actions of the State Allocation Board (SAB) are public and archived for easy access. The SAB agenda index is posted on the website at least ten days before the meetings. The full agenda with all the detailed material is posted at least three days before the meeting.

The Office of Public School Construction (OPSC) maintains a website to track state funded projects over the past decade, and to provide access to SAB prior agendas and minutes of actions. OPSC also maintains information of school district state approved eligibility for project matching funds available on the online tracking system.



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### Local School District Bonds – Transparency

During a public meeting, school districts must adopt an agenda item with the language, dollar amount and purpose of a local school bond before it is placed on the ballot. The agenda item is subject to all open meeting requirements regarding agenda item posting.

Local voters have the final decision whether local school bonds will be authorized. The election process and media scrutiny provide public transparency. Local school boards can be held accountable for appropriate expenditure of funds through the local elections process.

If the bond authorization is approved, prior to the sale of the authorized bonds, the school board must have public meetings and provide information to the county office of education and the county treasurer regarding the expected cost and tax rate associated with the bond sale. If the proposed sale is a negotiated sale, rather than a competitive sale, then there are additional public information requirements before action to approve a bond sale. In anticipation of the sale, the school district and its bond counsel must prepare the “official statement,” which is a document available to potential investors and members of the public outlining the characteristics and terms of the bonds offered for sale. These official statements are posted to an online municipal bond database available to the public.

Finally, the Bond Oversight Committee and annual audit reports are public records and are usually part of an annual public school bond meeting.