

- **CALIFORNIA USES BONDS TO FUND TRANSPORTATION, EDUCATION, AND RESOURCE PROJECTS.**

Over the past four decades, 86% of California's general obligation (GO) bond authorizations have supported public transportation projects (rail, port, and highway systems), the construction and repair of education facilities (both K-12 and higher education), and natural resource projects (including water supply, flood control, and the protection of forests, waterways, and beaches).

- **BOND PROPOSALS ARE GETTING LARGER.**

Measures approved in elections in the 1980s averaged \$685 million (in constant 2008 dollars). Measures approved in the 2000s have averaged \$5.15 billion. Although the latter number is inflated by a very large \$19.9 billion transportation bond, even without this bond, the measures approved in the 2000s have averaged \$4.35 billion – a 635% increase over the 1980s. Voter approval, however, does not mean the vast monies authorized by these bonds will be immediately issued. It may take several years before the bond revenue authorized in an election becomes available.

- **BONDS FOR EDUCATION AND TRANSPORTATION INCREASED RAPIDLY AFTER THE MID 1980s.**

Proposition 13, passed by the voters in 1978, dismantled methods used before the passage of this measure to fund school construction. By 1986, the legislature had begun to fund educational facilities through a mix of state GO bonds, local school district revenues, and developer fees; and after this, the amount of state bonds for funding school construction increased substantially. California began authorizing GO bonds for rail transportation in 1990, followed by an ambitious \$19.9 billion bond program for highways and other transportation programs in 2006 and \$10 billion for high speed rail in 2008. The 2006 transportation bond implies a marked departure from the state's decades-old practice of relying on gas tax revenues for highway construction on a pay-as-you-go basis.

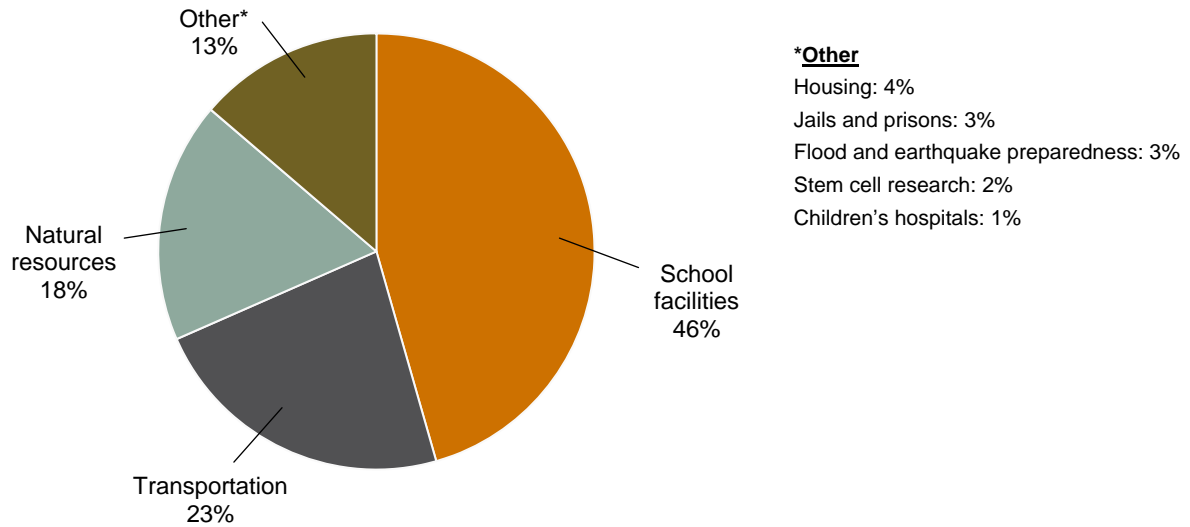
- **THE PATTERN OF STATE BOND USE CHANGED AROUND 1990.**

In the early 1990s, voters rejected bond proposals for jails and prisons and also for parks and forestry. In response, the state began to fund prisons and other criminal justice facilities through financing that did not require popular voter approval. Parks and forestry bond proposals were also packaged in a new way – as hybrid combinations of coastal protection, open space, parks, clean water, clean air, and other issues that have enjoyed voter support.

- **BOND SPENDING IS NO LONGER ABLE TO HELP LEAD THE STATE OUT OF RECESSION.**

In the past, bonds have helped counter recessions because spending bond proceeds delivered substantial economic stimulation while placing little burden on the current year's budget. But this has not been the case in the current recession: California recently froze the spending of almost all of the proceeds of its already approved bonds because of the state's inability to sell new bonds and the drawdown on the state's cash reserves if bond spending continued.

## Purposes of State General Obligation Bonds, 1970–2008



## State General Obligation Bonds Approved in 2006 and 2008

	Bond	Total (\$ billions)	Committed	Purpose
<b>Transportation</b>	Proposition 1B (2006)	19.9	13.1	Highways, ports and related connectors, transit and passenger rail, bridge seismic retrofitting, railroad grade separations, local roads
	Proposition 1A (2008)	9.9	0	Initial funding for engineering and right-of-way acquisition for high-speed rail system
<b>Education</b>	Proposition 1D (2006)	10.4	6.2	\$7.3 billion for construction and modernization of K–12 schools, \$3.1 billion for University of California, California State University, and California community colleges
<b>Children's hospitals</b>	Proposition 3 (2008)	0.9	0	Construction of children's hospitals
<b>Natural resources</b>	Proposition 84 (2006)	5.4	3.8	Statewide water planning, flood control, protection of forests, waterways, beaches, bays, and parks
	Proposition 1E (2006)	4.1	2.1	Flood control projects
<b>Housing</b>	Proposition 1C (2006)	2.8	1.2	Support for homeownership, multifamily rental housing, infill, transit-oriented development, and other housing programs

**Sources:** California State Treasurer. California Department of Finance.

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