



California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000.

Official Title and Summary Prepared by the Attorney General
CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2000.

- This act provides for a bond issue of three hundred fifty million dollars (\$350,000,000) to provide funds for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California.
- Appropriates money from state General Fund to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about \$600 million over 25 years to pay off both the principal (\$350 million) and interest (\$250 million) costs on the bonds. Payments of about \$24 million per year.
- One-time local costs (statewide) of \$190 million to pay for a share of library facility projects. Potential additional local operating costs (statewide) ranging from several million dollars to over \$10 million each year.

Final Votes Cast by the Legislature on SB 3 (Proposition 14)

Assembly: Ayes 59 Senate: Ayes 34
 Noes 15 Senate: Noes 3



Background

For the most part, cities, counties, and special districts pay the costs of operating and building local libraries. These libraries do receive some money from the state and federal government for library operations. For example, in 1999–00 local libraries throughout the state are receiving a total of \$90 million from the state and federal governments for various operating costs. (This represents about 10 percent of the statewide operating costs for public libraries.)

Also, in 1988 state voters approved Proposition 85—a \$75 million general obligation bond measure for grants to local agencies for library facilities (new, expanded, or renovated buildings). Local agencies were required to pay 35 percent of the cost of any project in order to receive a state grant. This program resulted in 24 local projects receiving state grants ranging from around \$300,000 to \$10 million. A total of about \$3 million of the \$75 million is currently available for additional projects.

Proposal

This proposition allows the state to sell \$350 million of general obligation bonds for local library facilities. The state would use these bond funds to provide grants to local governments to: (1) construct new libraries, (2) expand or renovate existing libraries, and (3) provide related furnishings and equipment. This grant program would be similar to the 1988 program. For example, local agencies would again have to pay 35 percent of the project cost.

Bonds. General obligation bonds are backed by the state, meaning the state is required to pay the principal and interest costs on these bonds. State General Fund revenues would be used to pay these costs. These revenues come primarily from state personal and corporate income taxes and the sales tax.

Grant Program. Under the program, local agencies would apply to the state for grants of between \$50,000 and \$20 million. As noted above, the grants could be used either to add new library space or renovate existing space. These funds could *not* be used for (1) books and other library materials, (2) certain administrative costs of the project, (3) interest costs or other charges for financing the project, or (4) ongoing operating costs of the new or renovated facility.

The proposition provides for a six-member state board to adopt policies for the program and decide which local agencies would receive grants. In reviewing local applications, the board must consider factors such as (1) the relative needs of urban and rural areas, (2) library services available to the local residents, and (3) the financial ability of local agencies to operate library facilities.

The proposition also provides for certain priorities for the grant monies. For instance, in considering applications for a *new* library, the state must give first priority to so called “joint use” libraries. These are libraries that serve both the community and a particular school district (or districts). In addition, for *renovation* projects, the state must give first priority to projects in areas where public schools have inadequate facilities to support access to computers and other educational technology.

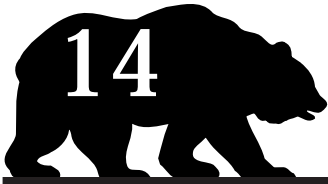
Fiscal Effect

Bond Costs. For these bonds, the state would make principal and interest payments from the state’s General Fund over a period of about 25 years. If the bonds are sold at an interest rate of 5.5 percent (the current rate for this type of bond), the cost would be about \$600 million to pay off both the principal (\$350 million) and interest (\$250 million). The average payment would be about \$24 million per year.

Local Cost to Match State Funds. As mentioned above, in order to receive a state grant a local agency must provide 35 percent of the project cost. Thus, on a statewide basis local agencies would need to spend \$190 million. The cost would vary by local agency depending on the cost of their specific project.

Costs to Operate New Library Facilities. Local agencies that build new or expand existing libraries would incur additional operating costs. This proposition would probably result in a significant expansion of facilities throughout the state. Once these projects are completed, local agencies would incur additional operating costs (statewide) ranging from several million dollars to possibly over \$10 million annually.

For text of Proposition 14 see page 113



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Argument in Favor of Proposition 14

Proposition 14 is an investment in literacy, learning and libraries.

Our public libraries have always served as centers of lifelong learning and literacy. Libraries provide a safe place for students to study and complete homework assignments, and for adults to gain practical skills through a variety of adult learning programs.

When it comes to literacy, California fourth grade students ranked next to last on the 1998 National Assessment of Educational Progress. Adult illiteracy hurts our economic competitiveness, and family illiteracy is often passed from generation to generation.

Proposition 14 funds can be used to build new libraries, renovate inadequate facilities, provide state-of-the-art equipment, improve study conditions and create a safe, comfortable environment for users.

Proposition 14 can fund new libraries and renovate existing facilities.

As California's population continues to climb, library visits have skyrocketed, causing an already underfunded system to deteriorate rapidly.

Many communities have no local libraries in areas where the population has grown significantly. The lack of access makes it difficult for children and people with limited mobility to take advantage of important services such as children's story hours, student reading programs, and services for seniors and the disabled.

Many of our libraries are either completely antiquated, or in need of significant remodeling. Facilities often lack the basics such as enough tables and chairs and books and materials for study and research for all library users.

Proposition 14 returns money to local communities.

This bond can fund 65% of each approved project. Since this state funding will be available to renovate and remodel existing facilities or build new libraries, available local funds could be freed up to extend library hours, buy more books, expand

reading programs, increase library visits to local schools, or offer more adult learning opportunities.

Proposition 14 is a necessary investment in our future without raising taxes.

A State Library study shows California will need to complete 425 library projects over the next few years to meet current needs. While Proposition 14 will not fund the number of projects identified by that study, the combination of 65% state funding and 35% local participation means Proposition 14 maximizes the effectiveness of these critical resources.

Proposition 14 puts money into vital needs, not administrative overhead.

By law, not one penny of this bond money can be used by local government for administrative costs. Libraries can construct homework centers for students, upgrade electrical and telecommunications systems to accommodate computers and expand literacy centers and facilities for children's reading programs.

Proposition 14 provides funding to school and library partnerships.

By strengthening the partnership between libraries and schools, Proposition 14 is a critical element in achieving California's literacy goals and for strengthening our entire educational system.

Priority funding will go to projects where schools and libraries are working together.

FOR LIBRARIES, LITERACY AND LIFELONG LEARNING, VOTE YES ON PROPOSITION 14!

STATE SENATOR RICHARD K. RAINEY
Chair, Senate Local Government Committee

STATE SENATOR DEIRDRE W. ALPERT
Chair, Senate Education Committee

GAIL DRYDEN
President, League of Women Voters of California

Rebuttal to Argument in Favor of Proposition 14

Before we ask the taxpayers to fork out \$350,000,000 (approximately \$675,000,000 with interest) for new libraries, WE SHOULD INSIST THAT OUR TAX DOLLARS KEEP OUR CURRENT LIBRARIES OPEN A DECENT NUMBER OF HOURS.

The argument in favor of Proposition 14 states, "Libraries provide a safe place for students to study and complete homework assignments, and for adults to gain practical skills through a variety of adult learning programs."

The problem is, our current libraries aren't open long enough for students or working adults to use them.

A random sampling of over 100 county libraries throughout California indicates that libraries are rarely open—averaging ONLY FIVE HOURS A DAY. Few libraries are open on Saturday and Sunday. Their limited weekday hours are in the middle of the day, when children are in school and adults are at work. Therefore, taxpayers who wish to use libraries cannot do so. Yet, those same taxpayers are forced to pay the bill.

Rather than spend borrowed money on library buildings that

won't be used, we need to explore different ways to deliver the same services.

With the Internet, expanded-hour private bookstores, and virtual schools, many opportunities for research and training already exist. And they don't require intensive, large scale construction of government buildings with borrowed money. These government buildings may be obsolete in 10 years, but we will be paying them off for 30 years. Is that a good use of taxpayer dollars?

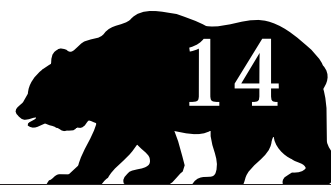
For a listing of library hours and internet links, visit www.rayhaynes.org/bonds.html

RAY HAYNES
California Senator

LEWIS K. UHLER
President, The National Tax-Limitation Committee

CARL MCGILL
Chairman, Black Chamber of Commerce of Los Angeles County

California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000.



Argument Against Proposition 14

Why does our Legislature squander our taxes on bloated, special interest programs, then borrow money to pay for the important things, like libraries?

Last year, the Legislature was faced with a budget surplus of over \$4,300,000,000—more than twelve times the amount of this bond. The Legislature decided to spend the money on “pork” projects and increased welfare programs, including benefits for illegal aliens. State government spending increased by almost 10% in a single year! Now, with state revenues at an all-time high, they want to go into debt and spend your grandchildren’s money on libraries. Only your “NO” vote on Proposition 14 can stop them.

Bonds are the most expensive way to build or renovate libraries. The interest and fees paid to bankers, lawyers and bureaucrats will nearly double the cost of these libraries. In other words, we can afford to build twice as many libraries by spending the tax money that the state has already collected. In desperate economic times, it might be necessary to borrow money for an important state project. But there is no excuse for borrowing money in good times. Taxpayers will be stuck paying for these bonds, and the interest on them, for three decades, even if the economy collapses.

With new computer technology and the growth of the Internet, the library improvements funded by this bond may be obsolete in five years. It does not make sense to spend our grandchildren’s money on the “horse and buggy” technology that this bond would fund. We will still be paying for these bonds decades from now, even if the improvements are obsolete.

Information can be retrieved and exchanged much more conveniently—and at a much lower cost—through the Internet. This bond is actually more expensive than offering FREE Internet service to every school child in California! Is this a wise use of our tax dollars?

Does your city or county have a surplus? Under the terms of this bond, local governments will not receive a penny of the bond money unless they provide 35% matching funds for each project. *Unless you live in a wealthy community with surplus cash to pay for library renovation, you won’t see a penny of this bond money, but you will still have to pay for it.*

We are already on the hook for \$36,900,000,000 for bonds that have been previously approved for other projects. Our state is so far in debt that we have the third worst credit rating in the entire country. With each new bond, we risk lowering our credit rating even further. We have to say “NO” to more borrowing. We have to demand that the Legislature pay for these important projects with the taxes we pay now, not the taxes that our grandchildren will pay later. The only way to do that is to say NO to Proposition 14.

RAY HAYNES
California Senator

LEWIS K. UHLER
President, The National Tax-Limitation Committee

CARL MCGILL
Chairman, Black Chamber of Commerce of Los Angeles County

Rebuttal to Argument Against Proposition 14

The argument against Proposition 14 does nothing to change the facts.

Proposition 14 was placed on the ballot with overwhelming support from Republicans and Democrats in the State Senate and Assembly, because it is an important part of our effort to improve literacy and learning.

Children are introduced to reading, and adults improve reading skills, through the world of books. Despite the explosion of interest in the Internet, library usage continues to grow at extraordinary rates. A State Library study shows California needing 425 library projects over the next few years just to meet current demand.

In addition, Proposition 14 maximizes local tax dollars. Qualified local projects will receive up to 65% of their funding from the state, preserving local money for books, hours and programs.

Examine the facts:

FACT: Proposition 14 is an investment in learning and literacy.

FACT: Proposition 14 does not increase state or local taxes.

FACT: Proposition 14 funds cannot be used by local government for administrative costs.

FACT: Proposition 14 returns money to local communities.

FACT: Proposition 14 provides priority funding to school/library partnerships.

The California Teachers Association says that Proposition 14 is an important part of efforts to improve student performance.

The California Organization of Police and Sheriffs supports Proposition 14, because libraries provide safe environments for students’ after-school study.

Lt. Governor Cruz Bustamante supports Proposition 14, because it encourages schools and libraries to work together.

For Libraries, Literacy and Lifelong Learning, Vote Yes On Proposition 14.

LINDA CROWE
President, California Library Association

DON BROWN
President, California Organization of Police and Sheriffs

LOIS WELLINGTON
President, Congress of California Seniors