



Proposition 2 – 2024 K-14 State School Bond

Overview of Proposition 2

- Authorizes a \$10 billion state General Obligation bond for facilities at K-12 schools (including transitional kindergarten) and community colleges: *The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024*.
- Prop. 2 was placed on the November 2024 ballot with the Legislature’s passage of AB 247 (Muratsuchi).
- Keeps the School Facility Program (SFP) intact and does not change how projects are prioritized for funding.
- Provides funding enhancements for projects that address specific policy priorities.
- Principal and interest is paid using existing state General Fund revenues and *not* through local tax increases. This allows voters to prioritize state funding for school facilities.

Funding Breakdown

- **\$8.5 billion for K-12 schools**
 - o \$4 billion for Modernization
 - Includes \$115 million for testing and remediation of lead in water
 - Reserves up to 10% for small school districts
 - o \$3.3 billion for New Construction
 - Reserves up to 10% for small school districts
 - o \$600 million for career technical education facilities
 - o \$600 million for charter school facilities
- **\$1.5 billion for community college capital outlay projects**

Program Mechanics and New Requirements

Applicability of Prop. 2 Changes – New Construction and Modernization projects submitted before October 31, 2024 are processed and apportioned under the statute as it read on January 1, 2024 (i.e. not subject to the new requirements created by Prop. 2).

Eligibility Baseline – A district that participates in the New Construction or Modernization program after November 5, 2024 shall submit an updated report of existing school building capacity.

Master Plan – A district that participates in the SFP must submit a five-year school facilities master plan, including an inventory of existing facilities, sites, property and existing classroom capacity, as well as a capital planning budget, deferred maintenance plan, and projected enrollment growth. The Department of General Services and the California Department of Education will develop guidelines to implement. The Controller will add instructions to the annual K-12 audit guide to verify compliance.

Use of Grants – Specifies that SFP grants may be used for advancing state energy goals, outdoor learning environments, school kitchens, transitional kindergarten facilities, preschool facilities, space for counselors and nurses, seismic retrofits, and broadband access.

Funding Enhancement Opportunities

State Share Sliding Scale – Increases the maximum state share and reduces the local match for some projects. No project would receive less than the current state share. The maximum state share would increase from 50% to 55% for New Construction and from 60% to 65% for Modernization. Projects can receive up to 16 total potential points for the increased match calculation; those with at least six points across the following categories receive an increased state grant:

- Unduplicated LCFF pupil percentage – up to 8 points
- Low gross bonding capacity – up to 4 points
- Very small schools (200 pupils or less) – up to 2 points
- Projects using a Project Labor Agreement – up to 2 points

Supplemental Grants – Eligible SFP projects may receive an additional supplemental grant to address specific policy priorities:

- *Minimum Essential Facilities (Modernization only)* – to build or expand one gym, multipurpose room, library, or school kitchen if the existing facility is insufficient or the school does not have one.
- *Transitional Kindergarten (Modernization only)* – to retrofit an existing school facility to adequately house TK pupils, or to construct new TK classrooms if the site lacks sufficient facilities.
- *Career Technical Education (Modernization only)* – up to 5% state grant increase for project components that promote CTE to enhance educational opportunities for pupils at existing middle and high schools. Funds may be used for modernization or reconfiguration of facilities, as well as purchasing equipment with an average useful life expectancy of at least 10 years.
- *Energy and Climate Change (Modernization and New Construction)* – up to 5% state grant increase for projects that exceed Title 24 standards and include energy efficiency components that advance state energy goals and adapt to higher average temperatures.

75 Year-Old Building Replacement – Replacement under the Modernization program at the New Construction grant amount for buildings at least 75 years old.

Lead in Water – Provides \$115 million for grants to test drinking water for lead and to replace lead pipes and fixtures in facilities constructed before January 1, 2010 with elevated lead levels above 15 parts per billion.

Disaster Assistance – Provides immediate interim housing for schools impacted by a natural disaster for which the Governor has declared a state of emergency.

Additional Support for Disadvantaged and Low-Wealth School Districts

Small School District Assistance – For districts with 2,500 pupils or less:

- Provides a reservation of bond authority using a preliminary apportionment structure, ensuring construction funds are available once design has been completed.
- Up to 10% of New Construction and up to 10% of Modernization funds are reserved for small school districts.
- Provides a construction management grant preliminary apportionment worth 5% of the state share to assist with planning, site acquisition, preconstruction, and closeout.

Expands Supporting America’s School Infrastructure Grant Program (SASI) – Provides \$5 million to CDE to expand the SASI program to serve additional priority districts, including those with enrollment of less than 2,501, low gross bonding capacity per enrollment, a high percentage of LCFF unduplicated pupils, and those who have not previously applied for SFP funding. The program will provide direct technical assistance, enhanced state and county collaboration efforts, development of centralized online resources, and expertise on facility maintenance.

Financial Hardship – Updates qualifying criteria to increase the maximum level of total bonding capacity from \$5 million to \$15 million beginning in FY 2026-27 and adjusted annually thereafter, increasing the number of districts eligible to receive up to a 100% state share.

Transparency and Accountability Provisions

Creates new transparency and accountability requirements, including:

- Requires a public hearing to discuss a project before it is approved by the local governing board for submission to the state.
- Independent performance audits.
- Must post project and audit information on the school district website, including the location, estimated cost, and estimated timeline for completion.