



Coronado Unified School District Local Bond Proposition E

Fact Sheet as of March 2014

The Coronado Unified School District Board has voted unanimously to place the following proposal on the ballot for voters to support at the **June 3, 2014** election:

Protect Quality Education in Coronado Local Measure: “To provide modern classroom technology and facilities students need for college/career success, continue advanced programs in math, science and the arts, acquire, construct and repair classrooms/facilities/sites/equipment, permit smaller class sizes, and protect Coronado’s quality of education, shall Coronado Unified School District issue up to \$29,000,000 in bonds at legal rates, with maturities under 5 years, all bonds repaid by September 30, 2024, less than \$13,200,000 outstanding at any time, independent citizen oversight, and all money staying local?”

- **Proposition E Benefits:** Proposition E will help maintain manageable class sizes, continue funding advanced programs in math, science, technology and the arts, continue funding for music, visual and performing arts programs, avoid teacher layoffs, and provide the facilities and equipment needed for career and technology education so students are prepared for college and good paying jobs in fields like science, technology and the skilled trades.

New State Funding Formula Extends Recession for Coronado Schools - 5 FACTS:

1. The Great Recession cut base funding for local schools by 10 to 15 percent (while unavoidable costs like health care and energy increased by another 10 to 15 percent) from 2007-08 levels.
2. To maintain a balanced budget during the past five years, CUSD relied on a combination of budget cuts, larger class sizes, one-time Federal grants intended to alleviate the impact of the Great Recession, and a planned spend-down of fiscal reserves prudently built up during better times.
3. With state revenues growing again, CUSD had expected rapid relief to restore funding to former levels. Instead, CUSD got hit with a new state funding formula for schools (commonly called LCFF, or the Local Control Funding Formula) that extends the Great Recession for Coronado and about 5% of California's school districts.
4. California's new LCFF means that it will take at least eight years to restore CUSD's funding to its 2007-08 level. And in 2007-08 California schools were ranked 46th in the country in per student spending.
5. Coronado Unified ranks 11th out of 12 unified school districts in San Diego County in per pupil funding. San Diego Unified School District next year will get over \$1,200 more per pupil (about 18%) in state funding, and that gap will grow year after year. As a consequence, while CUSD this year is grappling with material program cuts, other neighboring districts are exploring lowering class sizes and expanding educational programs.

Coronado's History of Fiscal Prudence

- CUSD has been funding most of its facilities, equipment and technology needs from General Fund or local sources. All of these capital costs are normal, legitimate uses of Prop 39 bond funds. By covering its capital needs from bond proceeds, General Fund dollars can be freed up and used instead for smaller class sizes, expanded programs and advanced programs in math, science and technology among others. There is no other viable path to protect manageable class sizes, keep outstanding teachers on staff, and continue to provide high quality education.
- Proposition E will provide a stable source of locally controlled funding to avoid further cuts and protect the quality of our schools. All Proposition E funds will stay local to support Coronado students. These funds cannot be taken away by the state or used for other purposes.

Unique Taxpayer Protections Embedded in Proposition E

Proposition E features a combination of taxpayer protections that collectively are **unprecedented** for California school bond measures:

- **Prudent Maximum Bond Authorization** – Bonds are capped at \$29 million over the 10-year program. This figure is “right-sized” to cover the expected total funding shortfalls over that period.
- **No Long-Term Debt** – All bonds must be paid in full by 2024 - these bonds will **not** burden future generations. Further, individual bond durations will be less than 5 years, which will reduce interest and issuance costs (expected to total less than \$0.04 for each dollar that goes into the District).
- **Caps on Outstanding Debt and Annual Debt Service** – Bonds cannot be issued if they will cause total outstanding debt to exceed \$13.2 million or total annual payments (on all bonds) to exceed \$3.3 million – these caps protect residents from creeping assessments on account of the bonds.
- **Independent and Rigorous Citizen Oversight** – As required by Proposition 39, an independent citizen oversight committee will oversee the bond program (adding to school board oversight).
- **Funding for capital assets only** – Money can only be used for items with useful lives equal or longer than the bond life, or refinancing debt incurred to cover such items. As these costs are covered with bond proceeds, the District’s general funds will be freed up to maintain manageable class sizes and quality educational programs.
- **No bond funds can be used for administrators’ salaries, benefits, or pensions.**

Taxpayer Expense: The \$29 million bond translates to \$39.87 per year for every \$100,000 of **assessed valuation**. The median assessed value in Coronado is just below \$700,000, which means that the majority of Coronado homeowners will pay less than \$280 a year on account of Proposition E.