

## PROPOSITIONS 1B, 1C, 1D, AND 1E: THE PUBLIC WORKS BOND PACKAGE

**P**ropositions 1B, 1C, 1D, and 1E, which will appear on the November 2006 ballot, would authorize a total of \$37.3 billion in general obligation (GO) bonds for a range of public works projects. These measures were placed on the ballot by the Legislature earlier this year. This *Budget Brief* provides an overview of the bond package and the major policy issues it raises. The California Budget Project neither supports nor opposes these measures.

### What Would These Measures Do?

Propositions 1B through 1E were placed on the ballot by the Legislature earlier this year. The bond package would authorize the state to issue GO bonds in the amount of:

- \$19.9 billion for transportation projects (Proposition 1B);
- \$2.9 billion for housing and housing-related spending (Proposition 1C);
- \$10.4 billion for K-12 and higher education (Proposition 1D); and
- \$4.1 billion for flood control (Proposition 1E).

The Legislative Analyst's Office (LAO) estimates that annual debt service payments for all four bonds would average roughly \$2.5 billion per year over a 30-year period, for a total of about \$73.3 billion. The title and summary for each bond measure, customarily written by the Attorney General's office, were included in the language for each bill, along with the order in which the measures will appear on the ballot. An overview of each of the bond measures is provided below.<sup>1</sup>

#### Proposition 1B: Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006

Proposition 1B would authorize nearly \$20 billion in GO bonds for transportation projects throughout the state. The measure specifies that funds would be available "upon appropriation" by the Legislature. This language was recommended by the LAO in order to increase accountability for these funds, since

appropriation of funds – which generally occurs through the budget process – allows the Legislature to review funding each year. While general allocations are defined in the measure, the Legislature would be authorized to impose "conditions and criteria" upon some appropriations. Funds would be appropriated to the California Transportation Commission, the state Department of Transportation, the California Air Resources Board, and the Governor's Office of Emergency Services, each of which would allocate funds to individual projects and local agencies. Proposition 1B would provide:

- \$11.3 billion for increased capacity and rehabilitation of state highways, local roads, and public transit;
- \$4.0 billion for improvements to local and intercity public transit services;
- \$3.0 billion to facilitate goods movement and reduce emissions at ports;
- \$1.5 billion for security and disaster response for ports, harbors, ferry facilities, and transit systems; railroad crossing safety; and seismic retrofit of local bridges and overpasses; and
- \$200 million to retrofit and replace school buses to reduce emissions.

#### Proposition 1C: Housing and Emergency Shelter Trust Fund Act of 2006

Proposition 1C would authorize nearly \$3 billion in GO bonds for housing and housing-related programs administered by the Department of Housing and Community Development (HCD) and

the California Housing Finance Agency. Proposition 1C requires some funds to be appropriated by the Legislature. It also provides for periodic audits of bond expenditures by the Bureau of State Audits and requires the HCD to include bond expenditures in its annual report to the Legislature. Proposition 1C would allocate:

- \$1.4 billion to housing development programs, including urban “infill” housing, housing near transit stations, and “housing-related parks”;
- \$625 million to homeownership programs, including homeownership assistance for low-income households, self-help construction grants, grants to local governments to reduce barriers to affordable housing, and down payment assistance for first-time, low- or moderate income homebuyers;
- \$590 million to multifamily housing, including low-interest loans for low-income renters, supportive housing, and projects that provide housing for homeless youth; and
- \$285 million for farmworker housing, pilot projects to develop housing at lower cost, and homeless shelters.

### Proposition 1D: Kindergarten–University Public Education Facilities Bond Act of 2006

Proposition 1D would authorize \$10.4 billion in GO bonds for school facilities. The measure would allocate funds for K-12 education facilities to the State Allocation Board, which is responsible for distributing bond proceeds and other state funds for construction and renovation of local public school facilities. Proposition 1D would provide \$7.3 billion in GO bonds for K-12 education projects and programs, including:

- \$3.3 billion for rehabilitation and modernization of school facilities;
- \$1.9 billion for construction of new school facilities;
- \$1.0 billion for construction of new classrooms to replace portable classrooms at overcrowded schools;
- \$500 million for new construction and modernization of charter school facilities;
- \$500 million for career technical education facilities;
- \$100 million for incentives for “green” building design; and
- \$29 million for joint use facilities, such as reconfiguring a school gymnasium or library so that it can be used jointly for school and community purposes.

Proposition 1D would also provide \$3.1 billion in GO bonds for community colleges, the University of California (UC), and the California State University (CSU), including:

- \$1.5 billion for community college facilities;
- \$890 million for the UC, of which \$200 million may fund

## Other Public Works Measures on the November Ballot

In addition to Propositions 1B through 1E, two other public works-related measures will appear on the November 2006 ballot.

- **Proposition 42 Lock-In.** The Legislature also placed Proposition 1A, a constitutional amendment to “lock in” the so-called Proposition 42 transfer from the General Fund to transportation programs, on the November ballot. Proposition 42, approved by voters in March 2002, requires an annual transfer of revenues from sales taxes paid on motor vehicle fuels from the General Fund to the Transportation Investment Fund to support state and local transportation projects. Proposition 42 also provides that the transfer can be suspended with a two-thirds vote of the Legislature and a gubernatorial declaration that the transfer would have a significant negative impact on other programs. Proposition 1A would also allow the Legislature to authorize the sale of bonds backed by Proposition 42 revenues; the bonds would be repaid from the proceeds of sales taxes paid on motor vehicle fuel sales and would not require voter approval. This measure is analyzed in a separate CBP *Budget Brief*.<sup>2</sup>
- **The “Other” Bond: Parks and Water.** Proposition 84, placed on the November ballot through the initiative process, rather than by the Legislature, would authorize \$5.4 billion in GO bonds for “safe drinking water, water quality and supply, flood control, waterway and natural resource protection, water pollution and contamination control, state and local park improvements, public access to natural resources, and water conservation efforts.”<sup>3</sup> Bond monies would be allocated through the annual budget process to state and local agencies and local nonprofit organizations. The LAO estimates that debt service on this measure would cost the state about \$10.5 billion over 30 years, an average of \$350 million per year. Proposition 84 would reduce local property tax revenues by several million dollars per year, since the measure includes funds for land acquisition and state law exempts property owned by state and local governments and most nonprofit organizations from property taxes.<sup>4</sup> Under most circumstances, about half of the local property tax revenue loss would be offset by higher state spending for K-14 education.<sup>5</sup>

- telemedicine facilities;<sup>6</sup> and
- \$690 million for CSU facilities.

## Proposition 1E: Disaster Preparedness and Flood Prevention Bond Act of 2006

Proposition 1E would authorize \$4.1 billion in GO bonds for flood control projects. The measure provides that most of these funds would be appropriated to the Department of Water Resources by the Legislature through the annual Budget Act or other legislation. Proposition 1E also requires the Governor to obtain the maximum possible amount of federal and local matching funds; prioritize projects “to achieve maximum public benefits from the use of these funds”; and submit an annual Bond Expenditure Disaster Preparedness and Flood Prevention Plan along with his Proposed Budget. Proposition 1E would provide:

- \$3.0 billion for repair and restoration of levees and facilities in the Central Valley flood control system, as well as maintenance and improvements of levees in the Sacramento-San Joaquin River Delta;
- \$500 million for flood control projects outside the Central Valley;
- \$300 million for stormwater flood management outside the Central Valley; and
- \$290 million for protection, creation, and improvements for flood protection corridors, bypasses, and levees, as well as for mapping of flood plains.

## How Has the State Traditionally Funded Public Works?

Both funding sources and funding levels for state public works projects have changed over time. The building boom of the 1950s was primarily financed through annual cash expenditures – “pay-as-you-go” financing. Throughout the 1950s, capital outlay represented more than one out of every six dollars in the state budget.<sup>7</sup> The building boom continued, albeit at a slower rate, through the 1960s. During this period, capital outlay accounted for about one out of every eight dollars of total state spending, with bond financing increasing over the decade. In the 1970s, capital outlay dropped to less than 5 percent of state spending, with debt financing representing a small share of funds.

Beginning in the 1980s, however, the state shifted almost entirely to debt financing. This was partially attributable to competing demands for resources, as well as changes in federal tax policies that encouraged investors to buy tax-exempt state and municipal securities bonds. In addition, local government spending on public works slowed for several reasons. Proposition 13 of

1978, which imposed a 1 percent cap on the basic property tax rate and required approval of two-thirds of the voters to impose additional tax rates, dealt a significant blow to the primary source of funding for local capital investment by limiting the ability of local governments to raise funds for building and maintaining public facilities. While Proposition 13 allows local governments to increase the property tax rate above 1 percent for debt service, they must obtain the support of two-thirds of the voters to do so.<sup>8</sup> In addition, Proposition 218, approved by voters in 1996, made it more difficult for local governments to fund transportation through local sales taxes by imposing a two-thirds vote requirement for reauthorization of local sales tax rates rather than the previously required majority vote authorization.<sup>9</sup>

## How Does the State Currently Fund Public Works?

The state funds public works projects through General Fund, special fund, and federal fund monies.

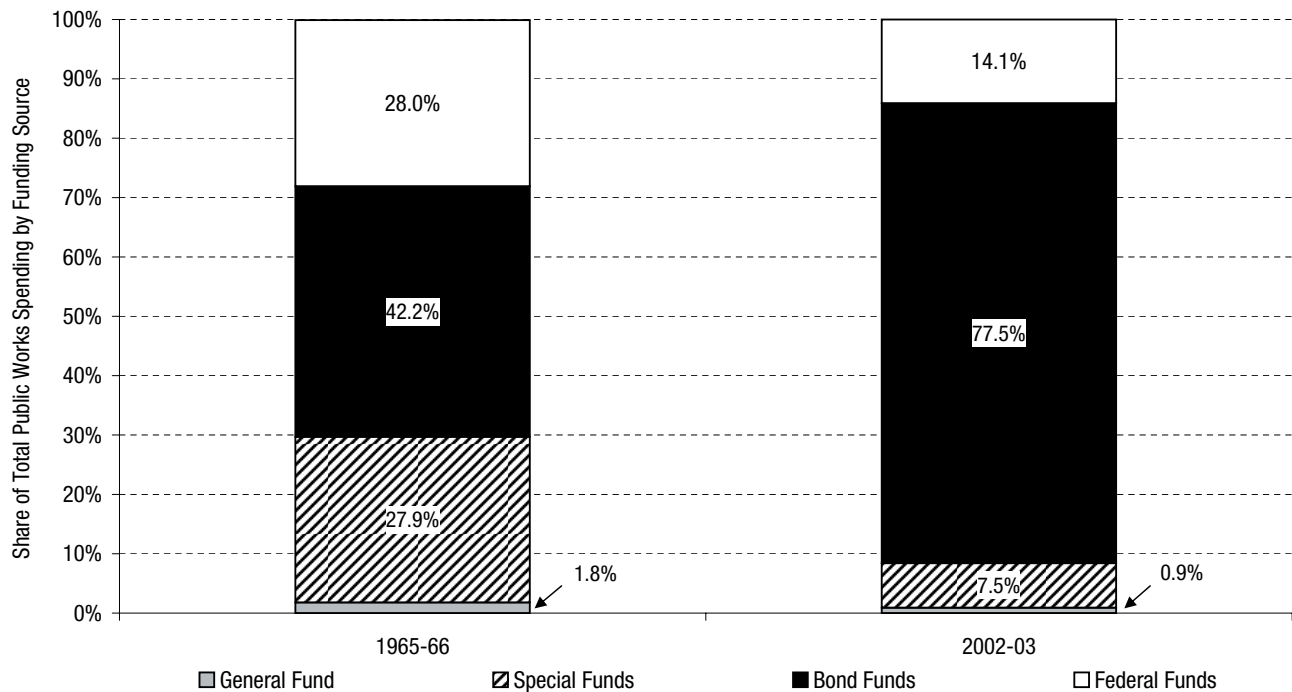
### General Fund

Long-term debt financing – primarily in the form of GO bonds and lease-revenue bonds – is the largest source of funding for state public works projects. Unlike years past, General Fund revenues are now used primarily to pay debt service on bonds, rather than to directly support capital investments. Since 1972, voters have approved \$86.4 billion in state GO bonds for various public works purposes.<sup>10</sup> GO bonds are a form of debt backed by the state’s General Fund. GO bonds are repaid from the General Fund and have constitutional priority over other spending in the event of a budget shortfall. GO bonds require the approval of two-thirds of the Legislature and a majority of voters. Lease-revenue bonds, also known as lease-payment bonds, are repaid through annual lease payments to bond holders by state agencies and departments that use the facilities financed through the bonds. Lease-revenue bonds are slightly more expensive than GO bonds – since repayment has lower priority than repayment of GO bonds in the event of a budget shortfall – and generally are not subject to voter approval.<sup>11</sup> Bond financing rose from less than half (42.2 percent) to more than two-thirds (77.5 percent) of state public works spending between 1965-66 and 2002-03 (Figure 1).<sup>12</sup>

### Special Funds

The state also funds public works projects using pay-as-you-go financing, often through special funds – funds that are designated for a particular purpose. For example, transportation projects are largely funded by fuel excise tax revenues and the proceeds of the sales tax on motor vehicle fuels, and many water projects have

Figure 1: Bond Financing for State Public Works Has Increased Significantly



Note: Totals may not add due to rounding.  
Source: Public Policy Institute of California

been paid for through water user fees.<sup>13</sup> Pay-as-you-go financing is the least expensive method to pay for capital outlay, since there is no debt upon which interest must be paid.

### Federal Funds

Federal funds have traditionally provided the largest share of the state's pay-as-you-go dollars. Like special funds, federal funds are restricted to specific programs. Federal funds help support highway construction, flood control, water supply, veterans' homes, and military projects.<sup>14</sup>

### How Much Does the State Currently Spend on Public Works?

The state spent more than \$5 billion on capital outlay in 2005-06. GO bond spending made up more than half (59.3 percent) and lease-revenue bonds nearly one-quarter (23.1 percent) of this total (Figure 2). The General Fund provided only a small fraction (2.6 percent) of state public works spending in 2005-06. The remainder of capital outlay funding came from federal funds, special funds, and other sources.

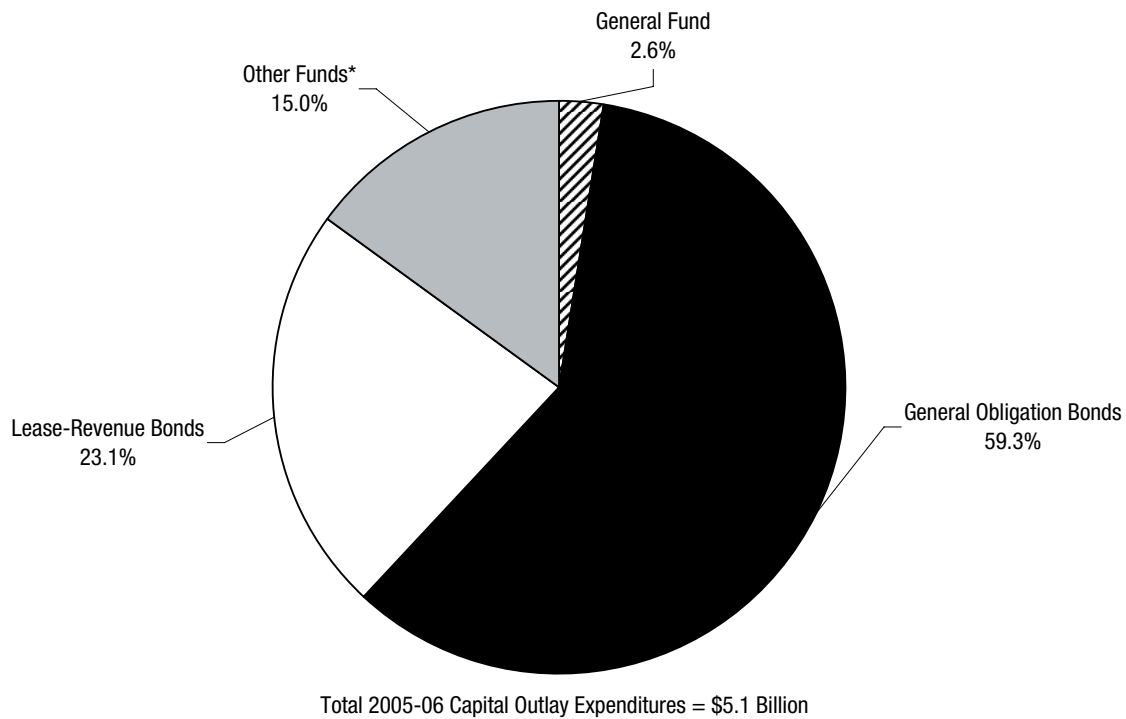
### State Public Works Spending Has Increased in Recent Years

Conventional wisdom holds that state spending on public works has dropped significantly in recent years, since most of the state's public works projects were built in the 1950s through the 1970s. However, state spending on public works has actually increased over the past 20 years; state capital outlay spending rose 46.1 percent between 1985-86 and 2005-06, after adjusting for inflation.<sup>15</sup>

### How Much Does the State Currently Spend on Debt Service?

According to the LAO, as of July 1, 2006, the state's infrastructure-related bond debt totaled roughly \$45 billion, including about \$37 billion in GO bonds and \$8 billion in lease-revenue bonds. In addition, about \$30 billion in bonds have been authorized, but not yet issued, for projects that are in progress or not yet begun. The LAO estimates that General Fund debt service payments for GO and lease-revenue bonds for public works purposes totaled about

**Figure 2: Borrowing Is the Largest Source of Funding for State Capital Outlay**



\* Other Funds include special funds, federal funds, and other sources.  
Source: Legislative Analyst's Office

\$3.9 billion in 2005-06 and could rise as high as \$5.5 billion in 2010-11.<sup>16</sup> The state also owes roughly \$11 billion for the bonds used to finance the state's budget shortfall, at a General Fund cost of about \$1.5 billion per year.<sup>17</sup>

## How Much Should the State Spend on Infrastructure?

California voters have approved about \$86 billion in GO bonds since 1972 (Figure 3). Nearly half (45.1 percent, or \$39.0 billion) of this amount has gone to K-12 education bonds. Notably, transportation makes up a small fraction (3.5 percent) of approved GO bonds; in fact, voters have approved only two of the five transportation GO bond measures that have been placed on the ballot since 1972.<sup>18</sup>

The LAO argues that California "faces the need for substantial infrastructure investments in a wide variety of program areas," including preserving and rehabilitating existing infrastructure; building new facilities such as schools and roads to keep pace with population growth; and responding to legal requirements such as environmental regulations, seismic safety standards, and the Americans with Disabilities Act (ADA).<sup>19</sup> The LAO argues that

the state's "underinvestment" in public works has resulted in billions of dollars in needs such as rehabilitation and construction of state highways, maintenance of state parks, and rehabilitation of levees in the Central Valley. While there appears to be little debate over whether the state needs to address numerous public works problems, there is little agreement over what the most urgent problems are and how to pay for them.

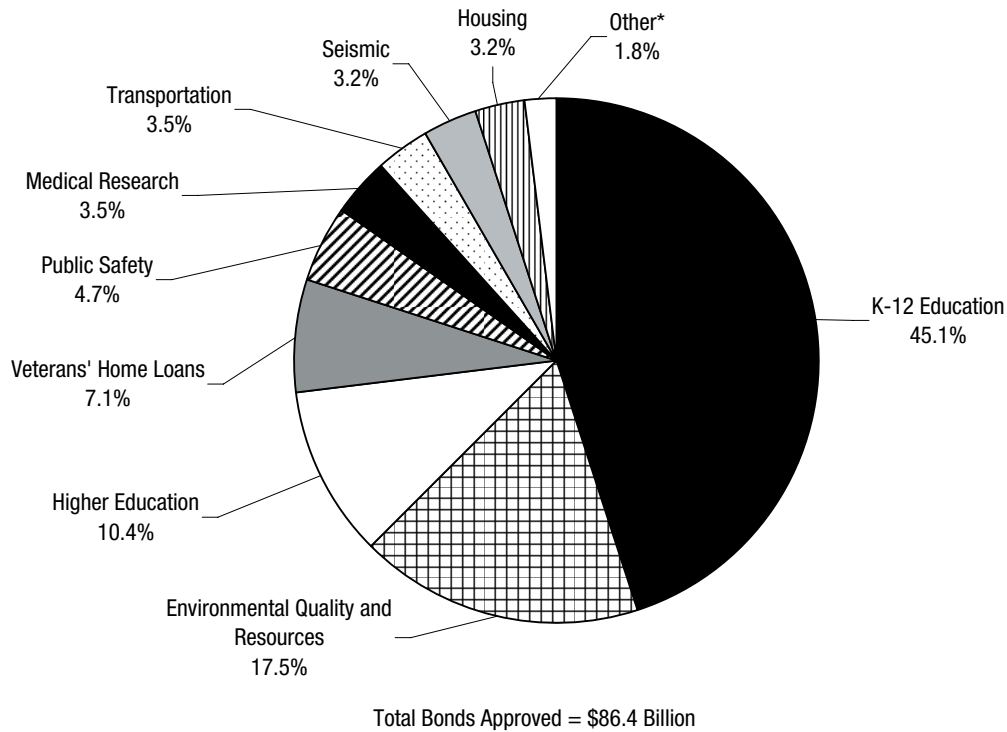
## What Policy Issues Do Propositions 1B Through 1E Raise?

### State Public Works Spending Has Increased in Recent Years

According to recent forecasts, the state will face significant operating shortfalls – that is, expenditures will exceed revenues – in 2007-08 and beyond.<sup>20</sup> The LAO estimates that if the public works bond package is passed in its entirety, state debt service payments would increase by roughly \$2.5 billion per year, over 30 years, including:

- \$1.3 billion per year for Proposition 1B (\$38.9 billion total);
- \$204 million per year for Proposition 1C (\$6.1 billion total);

**Figure 3: More Than Half of Voter-Approved Bonds Have Gone to Education**



\* Other includes health facilities, senior centers, libraries, and voter modernization.  
Source: California Five-Year Infrastructure Plan 2006

- \$680 million per year for Proposition 1D (\$20.3 billion total); and
- \$266 million per year for Proposition 1E (\$8 billion total).

In addition, Proposition 1A, also on the November ballot, would make it more difficult for the Legislature to suspend the transfer of sales taxes paid on motor vehicle fuels to transportation programs under Proposition 42 – meaning that the Legislature could no longer use those funds to help address a budget deficit.

As noted in a recent analysis of the state’s infrastructure needs, “Debt-financing tools...place a claim on future revenue streams, thereby reducing funds available for future investments as well as future current expenditures.”<sup>21</sup> To the extent that expenditures are expected to exceed revenues for the foreseeable future, new spending – including spending for debt service payments – will require cuts elsewhere in the budget, a tax increase, or some combination of the two.

### Does the Bond Package Address State Needs and Priorities?

The bond package, if passed, would provide over \$37 billion in funds for public works projects across the state. Estimates of

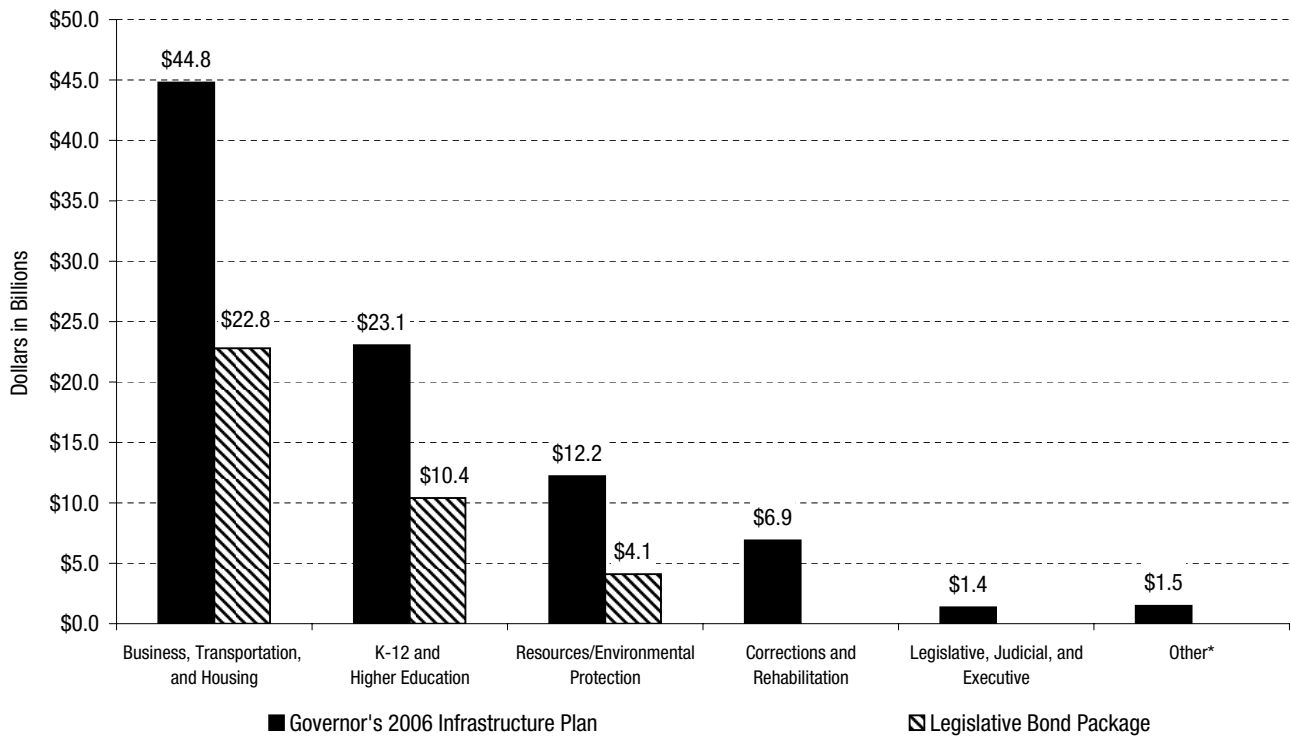
state public works needs range from \$82 billion (state Treasurer) to \$90 billion (California Business Roundtable) over the next decade.<sup>22</sup> In his 2006 infrastructure plan released earlier this year, the Governor identified \$89.8 billion in public works needs over the next five years (Figure 4). The infrastructure plan, which the Governor is statutorily required to submit to the Legislature each year, focuses on state-owned facilities, K-12 schools, community colleges, and local transportation systems. Moreover, seismic and flood control programs, as well as local infrastructure needs such as transit and water quality – for which the state has traditionally provided assistance – are generally not included in the infrastructure plan.<sup>23</sup>

### What Is Missing from the Bond Package?

Propositions 1B through 1E include funding for transportation and air quality, housing, K-12 and higher education, and flood control. The package does not include parks, water quality, or water supply, although these would receive funding through Proposition 84, which will also appear on the November ballot. The measures on the November ballot also do not provide funds for correctional facilities, which were included in the Governor’s five-year infrastructure plan that was introduced earlier this year.<sup>24</sup>



Figure 4: Projected Five-Year Public Works Needs vs. Funding Included in Propositions 1B, 1C, 1D, and 1E



\* Other includes General Government, State and Consumer Services, Health and Human Services, and Infrastructure Planning.  
 Source: California Five-Year Infrastructure Plan 2006 and Propositions 1B through 1E.

## What Is the Best Way to Pay for Public Works?

A “one size fits all” approach – such as only bond financing or only pay-as-you-go financing – may not be the best way to fund public works projects in California. For example, while bonds enable the state to spread the cost of long-lived facilities over time and share the cost of paying for facilities among the individuals who benefit from these investments over a number of years or generations, bond financing costs more over time as compared to spending financed on a pay-as-you-go basis. The Public Policy Institute of California (PPIC) cites water and wastewater fees as examples of stable funding sources that encourage residents and businesses to use facilities efficiently. Utilities, which need only a majority vote from their governing board to raise fees, have kept user fees low as a share of household income while generally keeping on track with regulatory demands and growth.<sup>25</sup> However, while user fees may be appropriate for projects such as transportation and water, the public is not likely to support, for example, tuition at public schools.

The LAO suggests another alternative: reducing the demand for infrastructure. For example, by expanding year-round operations, the state could reduce the number of new university facilities needed to meet enrollment growth. Increasing the gas tax could

reduce the amount of miles people drive, thereby reducing congestion and wear and tear on the roads, in addition to providing additional funds.<sup>26</sup>

## What Do Proponents Argue?

According to proponents, the four legislative bond measures – Propositions 1B through 1E – along with Proposition 1A, form a “Rebuild California Plan.” They argue that this plan “...uses the taxes we’re already paying to build the roads, housing, schools, and water systems we need to sustain our economy and quality of life for the long term.” Arguments in favor of specific bond measures include:

- Proposition 1B: Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.** Proponents argue that Proposition 1B would jump-start transportation projects, thereby leading to reduced traffic congestion and pollution. They point out that the measure includes requirements such as annual audits to help ensure that spending remains transparent.
- Proposition 1C: Housing and Emergency Shelter Trust Fund Act of 2006.** Proponents argue that Proposition 1C

## How Should Policymakers Determine State Public Works Needs and Priorities?

Various entities, including the Legislative Analyst's Office, the PPIC, and the California Commission on Building for the 21st Century, have made recommendations over the years on how to prioritize state infrastructure needs. Some of these recommendations include:

- Maximizing technology and innovation to increase longevity of facilities and decrease operating costs;
- Expanding existing capacity to meet the needs of economic and population growth;
- Addressing "facilities deficits," such as overcrowded schools in central city neighborhoods;
- Addressing public health and safety, such as seismic safety projects;
- Maximizing existing infrastructure, such as through year-round schools; and
- Rehabilitating existing buildings on a timely basis to prevent costly fixes of deteriorating buildings.

According to the PPIC, most Californians consider school facilities, transportation, and water systems as the top priorities for infrastructure investment.<sup>27</sup>

would provide shelter for victims of domestic violence, affordable homes for seniors and working families, and shelters and social services for homeless families.

- **Proposition 1D: Kindergarten-University Public Education Facilities Bond Act of 2006.** Proponents argue that Proposition 1D would provide funds to increase the quality of education in the state, make school buildings safer from earthquakes, and improve community college and university facilities. They contend that Proposition 1D funds would help ease classroom overcrowding, provide facilities for vocational training, and fund construction of research laboratories in higher education institutions.
- **Proposition 1E: Disaster Preparedness and Flood Prevention Bond Act of 2006.** Proponents argue that Proposition 1E would help the state prepare for natural disasters and ensure sufficient clean water to meet the state's needs. They state that the measure would help prevent another situation such as the flooding which occurred in connection to Hurricane Katrina by funding urgent flood control projects.

## What Do Opponents Argue?

Opponents argue that "a bond is not free money" and that the state cannot afford to take on the costly debt associated with repaying the bonds included in the public works package. Californians, they argue, should focus instead on a pay-as-you-go approach. Arguments against specific bond measures include:

- **Proposition 1B: Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.** Opponents argue that Proposition 1B suffers from a lack of "time and cost saving opportunities" such as environmental permitting reforms. They also point out that the measure does not allow sufficient time for public review, since the California Transportation Commission must adopt guidelines for some of the funds within three weeks after the November election should Proposition 1B pass.
- **Proposition 1C: Housing and Emergency Shelter Trust Fund Act of 2006.** Opponents argue that Proposition 1C will increase the state's level of debt, as well its bureaucracy. They contend that the state's affordable housing crisis is attributable to taxes, fees, and regulations, none of which are addressed by the measure.
- **Proposition 1D: Kindergarten-University Public Education Facilities Bond Act of 2006.** Opponents argue that Proposition 1D "funds a variety of new and untested programs" instead of beefing up tried and true programs. They also point out that the measure is not sufficiently long-term in structure, as it is only designed to fund two years' worth of need.
- **Proposition 1E: Disaster Preparedness and Flood Prevention Bond Act of 2006.** Opponents argue that Proposition 1E "means higher taxes for projects that local and federal governments should already be doing." They argue that the measure does not provide any new drinking water, since it does not provide for construction of any water storage reservoirs or water treatment facilities.

## Conclusion

Even opponents of Propositions 1B through 1E recognize that California's infrastructure is in need of substantial public investment. However, approval of these bonds would result in substantial new spending at a time when the state already faces continued budget shortfalls. The debt service spending associated with passage of the bond package would limit the ability of the Legislature to respond to changing priorities, and could force reductions in essential services in the event of an economic downturn.



Erin Riches prepared this Budget Brief. The California Budget Project (CBP) neither supports nor opposes Propositions 1B, 1C, 1D, and 1E. This Budget Brief is designed to help voters reach an informed decision based on the merits of the issues. The CBP was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's website at [www.cbp.org](http://www.cbp.org).

## ENDNOTES

- <sup>1</sup> Information on these ballot measures, unless otherwise noted, comes from Secretary of State's Office, *Official Voter Information Guide, November 7, 2006*. The legislative package included SB 1266 (Perata, Chapter 25 of 2006), SB 1689 (Perata, Chapter 27 of 2006), AB 127 (Núñez, Chapter 35 of 2006), and AB 140 (Núñez, Chapter 33 of 2006).
- <sup>2</sup> California Budget Project, *Proposition 1A of 2006: What Would Be the Impact of "Locking In" the Proposition 42 Transfer?* (August 2006). Proposition 1A was passed by the Legislature as SCA 7 (Torlakson, Resolution Chapter 49 of 2006).
- <sup>3</sup> Secretary of State's Office, *Official Voter Information Guide, November 7, 2006*.
- <sup>4</sup> Legislative Analyst's Office, "Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute," in Secretary of State's Office, *Official Voter Information Guide, November 7, 2006*.
- <sup>5</sup> California Budget Project, *School Finance in California and the Proposition 98 Guarantee* (April 2006).
- <sup>6</sup> Telemedicine is a new field that will, for example, enable local physicians in remote rural areas to communicate with experts.
- <sup>7</sup> Capital outlay is "a character of expenditure of funds to acquire land, plan and construct new buildings, expand or modify existing buildings, and/or purchase equipment related to such construction." Department of Finance, *Finance Glossary of Accounting and Budget Terms*, downloaded from <http://www.dof.ca.gov/fisa/bag/DofGlossFrm.HTM> on August 24, 2006.
- <sup>8</sup> Proposition 39 of 2000 lowered the requirement to 55 percent voter approval for school facilities.
- <sup>9</sup> California Budget Project, *Investing in California's Future* (1998).
- <sup>10</sup> Arnold Schwarzenegger, Governor, State of California, *California Five-Year Infrastructure Plan 2006*, p. 238.
- <sup>11</sup> California Budget Project, *A Mini-Primer on Bonds* (February 2006).
- <sup>12</sup> Ellen Hanak and Mark Baldassare, Eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), p. 91.
- <sup>13</sup> Arnold Schwarzenegger, Governor, State of California, *California Five-Year Infrastructure Plan 2006*, pp. 166-171 and Ellen Hanak and Mark Baldassare, Eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), p. 11. For more information on state transportation spending, see *California Budget Project, How Is Transportation Funded in California?* (September 2006).
- <sup>14</sup> Arnold Schwarzenegger, Governor, State of California, *California Five-Year Infrastructure Plan 2006*, pp. 166-171.
- <sup>15</sup> Legislative Analyst's Office, *A Primer: The State's Infrastructure and the Use of Bonds* (January 2006), pp. 2-3 and personal communication with the Legislative Analyst's Office (September 26, 2006).
- <sup>16</sup> Legislative Analyst's Office, "An Overview of State Bond Debt," in Secretary of State's Office, *Official Voter Information Guide, November 7, 2006*.
- <sup>17</sup> Phil Angelides, California State Treasurer, *Stop the Borrowing Binge: Living Within the Promise of the Balanced Budget Act, The State of California's Debt Affordability Report 2005*, p. A-2. Proposition 57, approved by voters in 2004, authorized \$15 billion in bonds to help pay off the state's budget deficit and other debts, and about \$15 billion in other budget-related debt.
- <sup>18</sup> Arnold Schwarzenegger, Governor, State of California, *California Five-Year Infrastructure Plan 2006*, pp. 235-238.
- <sup>19</sup> Legislative Analyst's Office, *A Primer: The State's Infrastructure and the Use of Bonds* (January 2006), pp. 3-4. The federal Americans with Disabilities Act (ADA) prohibits discrimination against disabled persons in terms of employment, state and local government, public accommodations, commercial facilities, transportation, and telecommunications. For example, state and local governments must make public buildings accessible to disabled persons. US Department of Justice, Civil Rights Division, Disability Rights Section, *A Guide to Disability Rights Laws* (September 2005), downloaded from <http://www.usdoj.gov/crt/ada/adahom1.htm> on September 5, 2006.
- <sup>20</sup> Legislative Analyst's Office, *California Spending Plan 2006-07* (September 2006), p. 4.
- <sup>21</sup> Ellen Hanak and Kim Reuben, *Funding Innovations for California Infrastructure: Promises and Pitfalls* (USC Keston Institute for Infrastructure: Research Paper 06-01: March 2006), p. 2.
- <sup>22</sup> As cited in California Commission on Building for the 21st Century, *Invest for California: Strategic Planning for California's Future Prosperity and Quality of Life* (September 2001), p. 20.
- <sup>23</sup> Legislative Analyst's Office, *A Primer: The State's Infrastructure and the Use of Bonds* (January 2006), pp. 5-6.
- <sup>24</sup> Arnold Schwarzenegger, Governor, State of California, *California Five-Year Infrastructure Plan 2006*.
- <sup>25</sup> Ellen Hanak and Mark Baldassare, Eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), pp. 136-139 and 156.
- <sup>26</sup> Legislative Analyst's Office, *A Primer: The State's Infrastructure and the Use of Bonds* (January 2006), p. 7.
- <sup>27</sup> California Commission on Building for the 21st Century, *Invest for California: Strategic Planning for California's Future Prosperity and Quality of Life* (September 2001), pp. 20-21; Ellen Hanak and Mark Baldassare, Eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), pp. 20 and 196; and Legislative Analyst's Office, *A Primer: The State's Infrastructure and the Use of Bonds* (January 2006), pp. 7-8.