

California Department of Education

Executive Office

SBE-005 (REV. 1/2018)

General Waiver

# California State Board of Education March 2025 Agenda Item #W-08

## Subject

Request by **Earlimart Elementary School District** to waive California *Education Code* sections 15102 and 15268 to allow the district to exceed its bonded indebtedness limit. Total bonded indebtedness may not exceed 1.25 percent of the taxable assessed valuation of property for elementary or high school districts. Depending on the type of bond, a tax rate levy limit of $30 per $100,000 of assessed value for elementary or high school districts may also apply.

## Waiver Numbers

2-12-2024

## Type of Action

Action, Consent

## Summary of the Issues

The Earlimart Elementary School District (ESD) is requesting to waive portions of *Education Code (EC)* sections 15102 and 15268, which will allow the district to exceed its statutory bonding capacity limit at a rate of up to, but not in excess of 1.75 percent.

## Authority for Waiver

California *EC* Section 33050

## Recommendation

* Approval: No
* Approval with conditions: Yes
* Denial: No

The California Department of Education (CDE) has examined the district’s waiver application and evaluated it against the seven criteria for evaluating waivers in Section 33501. The CDE’s review found that the waiver meets the statutory criteria, and therefore recommends that the bonded indebtedness limit be waived for the district with the following conditions:

1. The period of request does not exceed the recommended period of March 6, 2025 to June 30, 2035;
2. The total bonded indebtedness does not exceed the recommended new maximum of 1.75 percent;
3. The district does not exceed the statutory tax rate;
4. The waiver is limited to the sale of bonds from Measure H in 2024; and
5. The district complies with the statutory requirements of Assembly Bill 182 related to school bonds, which became effective on January 1, 2014.

## Summary of Key Issues

The California *EC* provides limits related to a district’s total bonded indebtedness. *EC* sections 15102 and 15268 limit an elementary or high school district’s total general obligation (GO) bond indebtedness to 1.25 percent.

To raise funds to build or renovate school facilities, with voter authorization, school districts may issue GO bonds. Under Proposition 46, school districts are allowed to increase the property tax rate above one percent for the period necessary to pay off new GO bonds if the following conditions are met:

* Two-thirds of those voting in a local election have approved the issuance of the bonds.
* The money raised through the sale of the bonds is exclusively used to purchase or improve land and buildings.

In November 2000, districts were given another option for authorizing and issuing bonds when California voters passed Proposition 39, which allows school bonds to be approved with a 55 percent majority vote if the district abides by several administrative requirements, such as establishing an independent Citizens’ Oversight Committee to oversee the use of the funds. Once GO bonds are authorized, school districts issue the bonds in increments as needed to fund their facility projects. When the voters authorize a local GO bond, they are simultaneously authorizing a property tax increase to pay the principal and interest on the bond. For Proposition 39 bonds, *EC* Section 15268 limits the tax rate levy authorized in each election to $30 per $100,000 of taxable property for elementary or high school districts and *EC* Section 15270(a) limits the tax rate levy authorized in each election to $60 per $100,000 of taxable property for unified school districts.

Without a waiver, school districts that are close to their bonding capacity must decide either to issue fewer bonds, delay the issuance of bonds until their assessed valuation increases, or obtain other more expensive non-bond financing to complete their projects, the costs of which could be paid from district general funds. Therefore, the CDE has historically recommended that the State Board of Education (SBE) approve related waiver requests with the condition that the statutory tax levies are not exceeded at the time the bonds are issued.

Assembly Bill 182 (Chapter 477, Statutes of 2013) has established parameters for the issuance of local education bonds that allow for the compounding of interest, including capital appreciation bonds (CABs). AB 182 requires a district governing board to do the following:

* Before the bond sale, adopt a resolution at a public meeting that includes specific criteria, including being publicly noticed on at least two consecutive meeting agendas.
* Be presented with an agenda item at a public board meeting that provides a financial analysis of the overall costs of the bonds, a comparison to current interest bonds, and reasons why the compounding interest bonds are being recommended.
* After the bond sale, present actual cost information at the next scheduled public meeting and submit the cost information of the sale to the California Debt and Investment Advisory Commission.

Earlimart ESD wishes to proceed with its proposed issuance of $8.5 million in GO bonds, which represents the full amount authorized by Measure H, approved by the district’s voters in November of 2024. The measure passed with almost 82 percent of district voters in support. Registered voters in the district passed the bond measure to repair and upgrade local elementary and middle schools, improve safety and security, repair electrical systems, replace outdated plumbing, improve systems to provide clean water, and upgrade classrooms to meet modern technology standards.

The district intends to issue the Measure H authorization over three separate bond sales currently scheduled for 2025 ($4.5 million), 2028 ($1.9 million), and 2031 ($2.1 million). As a result, the district is seeking a waiver from the SBE to increase its overall bonded indebteness above the statutory limit to up to 1.75 percent until June 30, 2035, at which point, the rate of bonded indebtedness will decline below the statutory limit. The waiver was also supported by the district’s bargaining units.

### Demographic Information

The Earlimart ESD has a student population of 1,391 and is located in the community of Earlimart, and serves a rural portion of Tulare County.

**Because these are general waivers****, if the SBE decides to deny the waivers, it must cite one of the seven reasons in *EC* Section 33051(a), available on the California Legislation Information web page at** <https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=33051.>

## Summary of Previous State Board of Education Discussion and Action

The SBE has approved all bond limit waiver requests limited to the sale of already authorized bonds and at the tax rate levy stated on the bond measure.

## Fiscal Analysis

Approval of the waivers would allow the districts to accelerate their issuance of voter-approved bonds.

## Attachments

* **Attachment 1:** Summary Table (1 page)
* **Attachment 2:** Earlimart Elementary School District Elementary School District General Waiver Request 2-12-2024 (3 pages). Original waiver request is signed and on file in the Waiver Office.

# Attachment 1: Summary Table

California *EC* Section 15102 et seq.

| **Waiver Number** | **District** | **Period of Request** | **District’s Request** | **CDE Recommended** | **Bargaining Unit Representatives** | **Local Board, Public Hearing, and Advisory Committee Approval** |
| --- | --- | --- | --- | --- | --- | --- |
| 2-12-2024 | Earlimart Elementary School District | **Requested:** March 6, 2025 to June 30, 2035  **Recommended:** March 6, 2025 to June 30, 2035 | **Requested:** Debt Limit: 1.75%  **Recommended:** Debt Limit: 1.75% | Debt Limit 1.75%  Limited to sale of bonds applicable to Measure H, approved by voters in the November, 2024 election  Tax Rate $30 per $100,000 (authorization approved under Proposition 39) | Earlimart Teachers Association Lori Newsome President 10/14/2024 **Support**  California School Employees Association (CSEA) Sujei Soto  President 10/14/2024 **Support** | Local Board Approval Date: 12/2/2024  Public Hearing Date: 12/2/2024  Public Hearing Advertised: District website and posted in the Visalia Times Delta / Tulare Advance-Register.  Citizens’ Bond Oversight Committee 10/18/2024 **No Objections** |

Created by the California Department of Education

March 2025

# Attachment 2: **Earlimart Elementary School District General** **Waiver Request 2-12-2024**

**California Department of Education**

**WAIVER SUBMISSION - General**

CDS Code: 5471902

Waiver Number: 2-12-2024

Active Year: 2024

Date In: 12/3/2024 10:05:29 PM

Local Education Agency: Earlimart Elementary

Address: 785 East Center Ave.

Earlimart, CA 93219

Start: 3/6/2025

End: 6/30/2035

Waiver Renewal: No

Previous Waiver Number: 8-12-2020

Previous SBE Approval Date: 3/17/2021

Waiver Topic: School Construction Bonds

Ed Code Title: Bond Indebtedness Limit - Non-Unified

Ed Code Section: 15268

Ed Code Authority: 33050

*Education Code* or *CCR* to Waive: 15268. The total amount of bonds issued, including bonds issued pursuant to Chapter 1 (commencing with Section 15100), shall not exceed [1.25 percent] of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located.

Outcome Rationale: Background of 2024 Election:

On November 5, 2024, the voters approved Measure “H” (2024 Election), which allowed for a new $8.5 million General Obligation (GO) Bond authorization. This election was conducted under Proposition 39, requiring a 55% majority in order to pass. District voters approved Measure “H” with a 81.63% passage rate, as reported by Tulare County on 11/25/2024.

The District intends to issue the Measure “H” authorization over three separate bond sales currently scheduled for 2025, 2028, and 2031.

Current Need:

The District requests that its outstanding bonded indebtedness limit be increased to an amount not to exceed 1.75% through and until June 30, 2035. The District wishes to issue $4,500,000 from the Measure “H” authorization in 2025, $1,900,000 in 2028, and approximately $2,100,000 in 2031 for a combined total issuance of $8,500,000. The District’s current outstanding bonded indebtedness of $10.15 million equates to 1.21% of the District’s total 2024-25 assessed valuation (AV). With the addition of the proposed 2025 bond sale in the amount of $4.5 million, total indebtedness is projected at approximately $14.65 million and represents 1.75% of AV, which is above the state’s maximum allowed ratio of 1.25%. It is expected that 1.75% represents the maximum outstanding principal as a percentage of AV required for Measure “H” as it is projected future bonds will be issued only as AV grows and existing principal is repaid.

Analysis:

Attached to this waiver request are the following:

1. Attachment A – Historical Assessed Valuations, Fiscal Years 2005–2025
2. Attachment B – Summary of General Obligation Bond Indebtedness versus Estimated Debt Limits
3. Attachment C – Tax Rate Analysis for the Proposed Bonds (Election of 2024)
4. Attachment D – Resolution Authorizing Request for Waiver
5. Attachment E – Notice of Public Hearing and Confirmation of Publication

Based on the Tax Rate Analysis figures, the District anticipates that the tax rate for Measure “H” (2024 Election) will not exceed the legal limit of $30.00 per year per $100,000 of taxable property should the California Department of Education grant this waiver request.

In the event that the District elects to issue any Capital Appreciation Bonds (CABs), all CABs will be compliant with AB182.

Student Population: 1391

City Type: Small

Public Hearing Date: 12/2/2024

Public Hearing Advertised: Posted Notice of Public Hearing in the Visalia Times Delta / Tulare Advance-Register on 11/21/2024. The Visalia Times Delta / Tulare Advance-Register is a newspaper published within Tulare County.

Local Board Approval Date: 12/2/2024

Community Council Reviewed By: Citizens’ Oversight Committee

Community Council Reviewed Date: 10/18/2024

Community Council Objection: No

Audit Penalty Yes or No: No

Categorical Program Monitoring: No

Submitted by: Mr. Jaime Robles

Position: Superintendent

E-mail: [jrobles@earlimart.org](mailto:jrobles@earlimart.org)

Telephone: 661-849-3386

Bargaining Unit Date: 10/14/2024

Name: California School Employees Association

Representative: Sujei Soto

Title: President

Phone: [ssoto@earlimart.org](mailto:ssoto@earlimart.org)

Position: Neutral

Bargaining Unit Date: 10/14/2024

Name: Earlimart Teachers Association

Representative: Lori Newsome

Title: President

Phone: [lnewsome@earlimart.org](mailto:lnewsome@earlimart.org)

Position: Neutral