



San Benito High School District
Frequently Asked Questions About
Funding for a Second High School
October 2022 (Part 2)

We receive many questions from parents, teachers, local leaders, and community members about the need for a second high school. Below are some of the commonly-asked questions about the high school and steps the District is taking to serve current residents and a growing student population.

How are school facilities funded?

California public schools can be funded in the following ways:

State School Facilities Program (SFP) for New Construction and Modernization

The SFP is funded through statewide General Obligation Bonds (“GO Bonds”). Currently, funding from statewide GO bonds has been exhausted. A future State school bond measure may allocate additional funds to this program. There is an estimated five to seven-year delay in receiving any State funding due to existing waiting lists.

Local General Obligation Bonds

The community can support school construction funding through local GO bond measures. GO Bonds are loans authorized by the voters and repaid from property taxes levied on the assessed value of property. The assessed value is based on the purchase price of a home and not its market value. District voters authorized Measure G (2014) and Measure U (2016) to fund new construction and modernization improvements at Hollister High School. Additional voter authorization would be required for the second high school.

Developer Fees

School districts collect fees from new development to reduce the impact of new students on existing schools. Over the next five years, developer fees will fund approximately 11 percent of the anticipated cost of a second high school.

Mitigation Agreements

School districts may negotiate agreements with landowners, developers, and homebuilders to provide additional school funding to reduce the impact of growth. Funding can be in the form of a mitigation agreement, which places new residential housing in a Community Facilities District (“CFD”). The District is negotiating with the Building Industry Association, local land developers and homebuilders on mitigation agreements, which are necessary for a second high school. Currently, the District does not have any mitigation agreements in place.

Community Facilities District

CFDs are financing districts authorized by the Mello-Roos Community Facilities Act of 1982. Developers and homebuilders use CFDs to fund public improvements and services needed to serve new development. Annual special taxes are levied only on homes located within the defined area. Taxes provide additional funding for school facilities.

The City of Hollister and County of San Benito use CFDs to pay for public improvements and services such as police, fire, streets, water, sewage, parks and landscaping and lighting.

Are school facility funds guaranteed?

No, there is no guarantee that sufficient funds will be available. State matching grants are uncertain. They are conditioned on California voters passing a statewide general obligation bond. The amount and timing of developer fees are also uncertain, and the District's General Fund is committed to school district operations. To build a second high school, additional funding is necessary.

How are school district operations funded?

The State school funding system is designed to provide school districts with a minimum level of funding per student. The current State funding model is called the "Local Control Funding Formula." The State funds the annual operating expenses of the California school districts based on the number of students attending district schools and the number of high-need students in the district. The amount of State funding received by each school district equals the difference between the entitlement calculated through the Local Control Funding Formula and the District's share of locally collected property taxes. The State backfills the difference between its state funding entitlement and the amount of property taxes allocated to the District. State funding for operations is not a substantial revenue source for facilities. Approximately 81 percent of the operating funds are spent on employee salaries and benefits. The remaining 19 percent of the revenues are spent on books, supplies, services, and other operating expenses.

What creative ways can be used to generate additional school facility funds?

Home builders sell homes based on the value of having an excellent high school. To maintain a high-quality education in our community, we are seeking partnerships with the City, County, Building Industry Association, and housing developers to provide additional funds to construct a second high school. Without a second high school, meeting the needs of our students may be substantially diminished by having overcrowded classrooms, common areas, and congestion causing depleted educational programs and student safety concerns. This may negatively impact the future housing market and home values.