

0985 California School Finance Authority

The California School Finance Authority (CSFA), created in 1985, provides facilities and working capital financing to school districts, community college districts, county offices of education and charter schools. CSFA consists of the following three members: the State Treasurer who serves as chair, the Superintendent of Public Instruction, and the Director of the Department of Finance. CSFA has offices in Los Angeles and Sacramento.

3-YR EXPENDITURES AND PERSONNEL YEARS

	Personnel Years			Expenditures		
	2010-11	2011-12	2012-13	2010-11*	2011-12*	2012-13*
20 Charter School Facilities Program	6.2	6.0	6.0	\$680	\$1,069	\$1,126
30 State Charter School Facilities Incentive Grants Program	-	-	-	13,197	20,125	20,136
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	6.2	6.0	6.0	\$13,877	\$21,194	\$21,262
FUNDING				2010-11*	2011-12*	2012-13*
0526 California School Finance Authority Fund				\$92	\$50	\$100
0890 Federal Trust Fund				13,197	20,125	20,136
9734 2004 Charter School Facilities Account, 2004 State School Facilities Fund				437	590	597
9735 2006 Charter School Facilities Account, 2006 State School Facilities Fund				151	429	429
TOTALS, EXPENDITURES, ALL FUNDS				\$13,877	\$21,194	\$21,262

The California School Finance Authority Fund (0526) is not subject to Budget Act appropriation. This budget display is for informational purposes only. The informational budget presented here reflects the department's best estimate of the budgets for 2011-12 and 2012-13.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code Sections 17170-17199.5 and 17078.52-17078.66.

DETAILED BUDGET ADJUSTMENTS

	2011-12*			2012-13*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Federal Charter School Facilities Incentive Grants Program	\$-	\$-	1.0	\$-	\$-	1.0
Totals, Workload Budget Change Proposals	\$-	\$-	1.0	\$-	\$-	1.0
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	-\$5	-	\$-	\$2	-
• Retirement Rate Adjustment	-	4	-	-	4	-
• Allocation to Charter School Facilities Program	-	-	-	-	50	-
• Operational Efficiency Plan	-	-7	-	-	-7	-
• Miscellaneous Adjustment	-	-	-	-	11	-
Totals, Other Workload Budget Adjustments	\$-	-\$8	-	\$-	\$60	-
Totals, Workload Budget Adjustments	\$-	-\$8	1.0	\$-	\$60	1.0
Totals, Budget Adjustments	\$-	-\$8	1.0	\$-	\$60	1.0

PROGRAM DESCRIPTIONS

10 - SMART BONDS PROGRAM

Chapter 1438, Statutes of 1985, as amended by Chapter 598, Statutes of 1987, established CSFA and authorized the

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

issuance of \$400 million in revenue bonds or other debt instruments. The proceeds from the sale of the bonds were available for loans to school and community college districts to assist with the acquisition of equipment and new school sites, construction of new facilities, reconstruction of existing facilities, capital improvements, and to provide working capital. Effective January 1, 1997, Chapter 1071, Statutes of 1996, authorized the issuance of an additional \$400 million in revenue bonds per fiscal year for school districts and county offices of education that agreed to guarantee payment of the bonds with Proposition 98 funds. The total outstanding amount may not exceed \$4 billion at any one time. Pursuant to Chapter 741, Statutes of 1998, effective January 1, 1999, the \$400 million annual issuance cap was eliminated. Chapter 325, Statutes of 2006 (AB 2717), allows CSFA to issue debt on behalf of California charter schools for capital improvements and working capital needs. To date, CSFA has issued three note transactions totaling \$9.85 million in borrowing authority for 26 charter schools. CSFA also has issued approximately \$40 million in Qualified School Construction Bonds (see below).

20 - CHARTER SCHOOL FACILITIES PROGRAM

Chapter 935, Statutes of 2002, as amended by Chapter 587, Statutes of 2003, created the Charter School Facilities Program (CSFP), which provides funding for the new construction or renovation of charter school facilities. CSFA and the Office of Public School Construction jointly administer the program. CSFP was funded through the Kindergarten-University Public Education Facilities Bond Acts of 2002, 2004, and 2006, for a total of \$900 million. To date, 65 schools have been awarded funding through the program's funding rounds.

The program provides a 50% state subsidy for the charter school facilities project costs, with the balance of the project costs being repaid (to the state) by the charter school in the form of a long-term lease. Recipient charter schools must provide site-based instruction, be deemed financially sound by CSFA, and meet other program eligibility requirements.

30 - STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM

In 2004, CSFA was awarded a grant under the United States Department of Education's State Charter School Facilities Incentive Grants Program (CFDA 84.282D) to provide California charter schools with assistance for facilities costs. The \$50 million federal grant was allocated over a five-year period (through 2009) to eligible charter schools. Grant funds are used toward a charter school's cost of rent, lease, mortgage or debt service payments for existing or new facilities or toward the costs of acquiring land and constructing or renovating a facility. Grants are awarded to charter schools based on preference points allotted for the percentage of low-income students; percentage overcrowded; not-for-profit status; and demonstrated student performance. Charter schools must, at a minimum, be in good standing with their chartering authority and in compliance with the terms of their charter, provide site-based instruction, and have completed at least one school year of instructional operations to be considered eligible for funding. Additional requirements are listed in the program regulations.

In 2009, CSFA received an additional grant of \$48 million from the United States Department of Education's State Charter School Facilities Incentive Grants Program. The award will be allocated over a five-year period and the program eligibility and criteria are similar to those under the first award of \$50 million. Under this round, CSFA implemented a change in regulations to award charter schools preference points if the school is providing better educational opportunities than surrounding public schools. First time applicants are also given preference as compared to past recipients.

CREDIT ENHANCEMENT FOR CHARTER SCHOOL FACILITIES PROGRAM

In 2010, CSFA was awarded a grant of \$8.3 million by the Credit Enhancement for Charter School Facilities Program (CFDA 84.354A) authorized under Title V, Part B, Subpart 2 of the Elementary and Secondary Education Act, to enhance credit for charter schools and enable them to access non-federal funds that will address the costs of renovating, acquiring, and constructing school facilities. The grant funds will act as a reserve against any shortfalls in debt service on bonds that are issued by CSFA.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)

The American Recovery and Reinvestment Act of 2009 (ARRA) provided funding for new construction or renovation of school facilities through the use of Qualified School Construction Bonds (QSCBs). Of California's \$1.42 billion in "volume cap" allocation for the issuance of QSCBs, approximately \$141 million was reserved for use by charter schools through the allocation and/or issuance of conduit revenue bonds by CSFA. To date, CSFA has allocated approximately \$124.7 million of the \$141 million. Of the total allocation to charter schools, CSFA has issued \$38.7 million.

DETAILED EXPENDITURES BY PROGRAM

		2010-11*	2011-12*	2012-13*
PROGRAM REQUIREMENTS				
20	CHARTER SCHOOL FACILITIES PROGRAM			
	State Operations:			
0526	California School Finance Authority Fund	\$92	\$50	\$100
9734	2004 Charter School Facilities Account, 2004 State School Facilities Fund	437	590	597
9735	2006 Charter School Facilities Account, 2006 State School Facilities Fund	151	429	429
	Totals, State Operations	\$680	\$1,069	\$1,126
PROGRAM REQUIREMENTS				

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0985 California School Finance Authority - Continued

	<u>2010-11*</u>	<u>2011-12*</u>	<u>2012-13*</u>
30 STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM			
State Operations:			
0890 Federal Trust Fund	\$109	\$125	\$136
Totals, State Operations	\$109	\$125	\$136
Local Assistance:			
0890 Federal Trust Fund	\$13,088	\$20,000	\$20,000
Totals, Local Assistance	\$13,088	\$20,000	\$20,000
TOTALS, EXPENDITURES			
State Operations	789	1,194	1,262
Local Assistance	13,088	20,000	20,000
Totals, Expenditures	\$13,877	\$21,194	\$21,262

EXPENDITURES BY CATEGORY

	1 State Operations			Expenditures		
	Positions/Personnel Years					
	2010-11	2011-12	2012-13	2010-11*	2011-12*	2012-13*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	6.2	5.0	5.0	\$386	\$315	\$327
Total Adjustments	-	1.0	1.0	-	-	-
Net Totals, Salaries and Wages	6.2	6.0	6.0	\$386	\$315	\$327
Staff Benefits	-	-	-	116	154	149
Totals, Personal Services	6.2	6.0	6.0	\$502	\$469	\$476
OPERATING EXPENSES AND EQUIPMENT				\$287	\$725	\$786
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$789	\$1,194	\$1,262

	2 Local Assistance		
	Expenditures		
	2010-11*	2011-12*	2012-13*
Federal Grant Program	\$13,088	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$13,088	\$20,000	\$20,000

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2010-11*	2011-12*	2012-13*
0526 California School Finance Authority Fund			
APPROPRIATIONS			
Education Code Section 17181	\$92	\$50	\$100
TOTALS, EXPENDITURES	\$92	\$50	\$100
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$125	\$125	\$136
Budget Adjustment	-16	-	-
TOTALS, EXPENDITURES	\$109	\$125	\$136
9734 2004 Charter School Facilities Account, 2004 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$615	\$598	\$597
Allocation for employee compensation	2	1	-

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

1 STATE OPERATIONS	2010-11*	2011-12*	2012-13*
Adjustment per Section 3.60	11	4	-
Adjustment per Section 3.90	-19	-6	-
Adjustment per Section 3.91	-33	-	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-	-7	-
Totals Available	\$576	\$590	\$597
Unexpended balance, estimated savings	-139	-	-
TOTALS, EXPENDITURES	\$437	\$590	\$597
9735 2006 Charter School Facilities Account, 2006 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$429	\$429	\$429
Totals Available	\$429	\$429	\$429
Unexpended balance, estimated savings	-278	-	-
TOTALS, EXPENDITURES	\$151	\$429	\$429
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$789	\$1,194	\$1,262
2 LOCAL ASSISTANCE	2010-11*	2011-12*	2012-13*
0890 Federal Trust Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$20,000	\$20,000	\$20,000
Budget Adjustment	-6,912	-	-
TOTALS, EXPENDITURES	\$13,088	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$13,088	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$13,877	\$21,194	\$21,262

CHANGES IN AUTHORIZED POSITIONS

	Positions/Personnel Years			Expenditures		
	2010-11	2011-12	2012-13	2010-11*	2011-12*	2012-13*
Totals, Authorized Positions	6.2	5.0	5.0	\$386	\$315	\$327
Assoc Govtl Prog Analyst	-	1.0	1.0	-	-	-
Total Adjustments	-	1.0	1.0	\$-	\$-	\$-
TOTALS, SALARIES AND WAGES	6.2	6.0	6.0	\$386	\$315	\$327

* Dollars in thousands, except in Salary Range.