

0989 California Educational Facilities Authority

The mission of the California Educational Facilities Authority (CEFA) is to provide students with better access and broader opportunities in higher education by providing qualified non-profit higher education institutions with the assistance needed to reduce their capital costs of financing academic related facilities through a tax-exempt revenue bond program.

CEFA provides funding to assist private non-profit institutions of higher learning in the expansion and construction of educational facilities. CEFA is also authorized to issue bonds, notes, and other forms of indebtedness to finance the costs of attendance (student loans) at institutions of higher education.

CEFA is a public instrumentality of the state consisting of five members: the Director of the Department of Finance, the State Controller, the State Treasurer, and two public members appointed by the Governor, serving four-year terms or until reappointed or a successor has been appointed.

3-YR EXPENDITURES AND POSITIONS

| | Positions | | | Expenditures | | |
|--|------------|------------|------------|-----------------|-----------------|-----------------|
| | 2012-13 | 2013-14 | 2014-15 | 2012-13* | 2013-14* | 2014-15* |
| 10 Bond Financing | 4.5 | 5.0 | 5.0 | \$872 | \$700 | \$850 |
| 30 Student Loan Program | - | - | - | 103 | 40 | 60 |
| TOTALS, POSITIONS AND EXPENDITURES (All Programs) | 4.5 | 5.0 | 5.0 | \$975 | \$740 | \$910 |
| FUNDING | | | | 2012-13* | 2013-14* | 2014-15* |
| 0911 Educational Facilities Authority Fund | | | | \$872 | \$700 | \$850 |
| 0954 Student Loan Authority Fund | | | | 103 | 40 | 60 |
| TOTALS, EXPENDITURES, ALL FUNDS | | | | \$975 | \$740 | \$910 |

The California Educational Facilities Authority funding 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 2013-14 and 2014-15.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code Sections 94100-94213.

DETAILED BUDGET ADJUSTMENTS

| | 2013-14* | | | 2014-15* | | |
|---|--------------|-------------|-----------|--------------|--------------|-----------|
| | General Fund | Other Funds | Positions | General Fund | Other Funds | Positions |
| Workload Budget Adjustments | | | | | | |
| Other Workload Budget Adjustments | | | | | | |
| • Employee Compensation Adjustments | \$- | \$1 | - | \$- | \$1 | - |
| • Retirement Rate Adjustment | - | 2 | - | - | 2 | - |
| • Increase in external contracts for the Bond Financing Program | - | - | - | - | 147 | - |
| • Projected increase in operating expenditures for the Student Loan Program | - | - | - | - | 20 | - |
| • Miscellaneous adjustment | - | -3 | - | - | - | - |
| Totals, Other Workload Budget Adjustments | \$- | \$- | - | \$- | \$170 | - |
| Totals, Workload Budget Adjustments | \$- | \$- | - | \$- | \$170 | - |
| Totals, Budget Adjustments | \$- | \$- | - | \$- | \$170 | - |

PROGRAM DESCRIPTIONS

10 - BOND FINANCING

CEFA issues revenue bonds to assist private educational institutions of higher learning in the expansion and construction of educational facilities. Because it is authorized to issue tax-exempt bonds, the Authority may provide more favorable

* Dollars in thousands, except in Salary Range.

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financing terms to such private institutions than might otherwise be obtainable. Pursuant to Chapter 569, Statutes of 2001, CEFA may include qualifying nonprofit entities as eligible program participants for the construction of student and faculty housing. Bonds issued by CEFA are not a debt, liability, or claim on the faith and credit or the taxing power of the State of California, or any of its political subdivisions. The full faith and credit of the participating institution is normally pledged to the payment of the bonds. Bonds issued for this purpose are not subject to the state's "private activity" bond ceiling as specified in the Federal Tax Reform Act of 1986.

Prior to January 1, 1999, CEFA was authorized to have outstanding at any one time \$2.6 billion in bonds for educational facilities. Pursuant to Chapter 741, Statutes of 1998, effective January 1, 1999, there is now no limitation on the amount of bonds outstanding at any one time. As of June 30, 2013, bonds and notes in the amount of \$10.9 billion have been issued and \$4.5 billion were outstanding.

30 - STUDENT LOAN PROGRAMS

Pursuant to Chapter 917, Statutes of 1995, effective January 1, 1996, the California Student Loan Authority (CSLA) was abolished, and the assets, obligations, and functions were transferred to CEFA. The purpose of the CSLA was to purchase federally reinsured educational loans from eligible lending institutions by issuing tax-exempt revenue bonds, thereby expanding student access to such low-cost federally reinsured loans. Pursuant to Chapter 917, the functions were expanded under CEFA to include direct student lending from proceeds of tax-exempt revenue bonds issued by CEFA. As of June 30, 2013, \$5.1 million in bonds were outstanding, from a total \$265.4 million issued. Bonds for this purpose are subject to the state's "private activity" bond ceiling, as specified in the Federal Tax Reform Act of 1986 and allocated by the California Debt Limit Allocation Committee (CDLAC).

Chapter 318, Statutes of 2005, added the requirement that not-for-profit corporations must seek approval from CEFA before applying for an allocation of a portion of the state's annual private activity volume cap from CDLAC for the purposes of issuing Qualified Scholarship Funding Bonds for Student Loan Programs. This requirement does not pertain to entities that applied to CDLAC prior to January 1, 2006. Bonds issued for student loans are not a debt, liability, or a pledge of the full faith and credit of the taxing power of the state or any of its political subdivisions. This is a trust activity and all operating expenses must be paid from revenues and other moneys available to CEFA.

DETAILED EXPENDITURES BY PROGRAM

| | | 2012-13* | 2013-14* | 2014-15* |
|-----------------------------|---------------------------------------|--------------|--------------|--------------|
| PROGRAM REQUIREMENTS | | | | |
| 10 | BOND FINANCING | | | |
| | State Operations: | | | |
| 0911 | Educational Facilities Authority Fund | \$872 | \$700 | \$850 |
| | Totals, State Operations | \$872 | \$700 | \$850 |
| PROGRAM REQUIREMENTS | | | | |
| 30 | STUDENT LOAN PROGRAMS | | | |
| | State Operations: | | | |
| 0954 | Student Loan Authority Fund | \$103 | \$40 | \$60 |
| | Totals, State Operations | \$103 | \$40 | \$60 |
| TOTALS, EXPENDITURES | | | | |
| | State Operations | 975 | 740 | 910 |
| | Totals, Expenditures | \$975 | \$740 | \$910 |

EXPENDITURES BY CATEGORY

| | 1 State Operations | | | Expenditures | | |
|--|--------------------|------------|------------|--------------|--------------|--------------|
| | 2012-13 | 2013-14 | 2014-15 | 2012-13* | 2013-14* | 2014-15* |
| PERSONAL SERVICES | | | | | | |
| Authorized Positions (Equals Sch. 7A) | 4.5 | 5.0 | 5.0 | \$298 | \$339 | \$349 |
| Net Totals, Salaries and Wages | 4.5 | 5.0 | 5.0 | \$298 | \$339 | \$349 |
| Staff Benefits | - | - | - | 135 | 153 | 157 |
| Totals, Personal Services | 4.5 | 5.0 | 5.0 | \$433 | \$492 | \$506 |
| OPERATING EXPENSES AND EQUIPMENT | | | | | | |
| | | | | \$542 | \$248 | \$404 |
| TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS | | | | \$975 | \$740 | \$910 |
| (State Operations) | | | | | | |

* Dollars in thousands, except in Salary Range.

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DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

| 1 STATE OPERATIONS | 2012-13* | 2013-14* | 2014-15* |
|---|-----------------|-----------------|-----------------|
| 0911 Educational Facilities Authority Fund | | | |
| APPROPRIATIONS | | | |
| Education Code Section 94140-94141 | <u>\$872</u> | <u>\$700</u> | <u>\$850</u> |
| TOTALS, EXPENDITURES | \$872 | \$700 | \$850 |
| 0954 Student Loan Authority Fund | | | |
| APPROPRIATIONS | | | |
| Education Code Section 94102 | <u>\$103</u> | <u>\$40</u> | <u>\$60</u> |
| TOTALS, EXPENDITURES | \$103 | \$40 | \$60 |
| TOTALS, EXPENDITURES, ALL FUNDS (State Operations) | \$975 | \$740 | \$910 |

* Dollars in thousands, except in Salary Range.