

## 6350 School Facilities Aid Program

The School Facilities Aid program provides financing for school construction, modernization, relocatable classrooms, deferred maintenance, and other K-12 school facility-related activities.

With the passage of the Leroy F. Greene School Facilities Act of 1998, Chapter 407, Statutes of 1998 (SB 50), the School Facilities Program (SFP) was established to streamline the state's school construction funding process. The program provides grants to school districts to match local contributions for new construction and modernization projects, based on "unhoused pupils", from revenues obtained through the sale of State General Obligation Bonds when approved by voters in statewide elections. The Charter Schools, Critically Overcrowded Schools, and Joint-Use Programs also fall under the auspices of the SFP.

The State School Deferred Maintenance Program, established by Chapter 282, Statutes of 1979 (AB 8), provides state matching funds, on a dollar-for-dollar basis, to assist school districts with expenditures for major repair or replacement of existing school building components. Typically, these components include: roofing, plumbing, heating, air conditioning, electrical systems, interior/exterior painting, and floor systems. Funds are also provided for emergency hardship projects where the work must be completed within one year.

Chapter 900, Statutes of 2004 (SB 550), and Chapter 899, Statutes of 2004 (SB 6), established the Emergency Repair Program (ERP) and the interim definition of good repair standards in response to a settlement agreement in the case of Williams vs. California. One of the main purposes of the settlement was to ensure that all California school children have equal access to adequate school facilities. As part of the settlement, the School Facilities Needs Assessment Grant Program appropriated funds for a one-time comprehensive assessment of school facilities needs for school sites ranked in deciles 1 to 3, inclusive, on the Department of Education 2003 Academic Performance Index. In order to help meet the emergency repair costs, the School Facilities Emergency Repair Account is funded from the Proposition 98 Reversion Account at a minimum of \$100 million per year until a total of \$800 million has been disbursed for the purpose of addressing emergency facilities needs at those school sites. As a continuation of the provisions of the settlement, Chapter 704, Statutes of 2006 (AB 607), adopts and encourages participation in the ERP and changes the ERP from a reimbursement program to a grant program, effective January 1, 2007, and provides for a permanent state standard of good repair.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
10 School Facilities Aid Program	-	-	-	\$3,006,658	\$2,878,599	\$3,918,294
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$3,006,658</b>	<b>\$2,878,599</b>	<b>\$3,918,294</b>
<b>FUNDING</b>				<b>2005-06*</b>	<b>2006-07*</b>	<b>2007-08*</b>
0001 General Fund				-\$7,841	-\$5,786	-\$5,015
0001 General Fund, Proposition 98				7,841	5,786	5,015
0119 1998 State School Facilities Fund				-7,580	19,700	-
0344 State School Building Lease - Purchase Fund				-426	-	-
0739 State School Building Aid Fund				10,469	12,985	9,240
0743 Bond Proceeds Account, State School Building Lease-Purchase Fund				52,369	58,802	-
0961 State School Deferred Maintenance Fund				3,585	2,448	1,397
3082 School Facilities Emergency Repair Account				-193,401	-111,979	-75,000
6036 2002 State School Facilities Fund				-99,190	152,643	-
6044 2004 State School Facilities Fund				3,240,832	1,759,000	1,840,657
6057 2006 State School Facilities Fund				-	985,000	2,142,000
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$3,006,658</b>	<b>\$2,878,599</b>	<b>\$3,918,294</b>

### MAJOR PROGRAM CHANGES

- With the passage of the Kindergarten-University Public Education Facilities Bond Act of 2006, the Governor's Budget projects local assistance expenditures of \$985 million in 2006-07 and \$2.142 billion in 2007-08 from the new 2006 State School Facilities Fund. These funds will be allocated to school districts for the construction and modernization of classrooms, including career technical education and charter school facilities, for the replacement of portable classrooms with permanent new classrooms to relieve overcrowded school sites, and for joint-use partnership construction projects. In addition, funding is provided for high performance schools for design and materials costs that promote energy and water efficiency, maximize the use of natural lighting, enhance indoor air quality, and improve acoustics to enhance the K-12 learning environment.

The Kindergarten-University Public Education Facilities Bond Act of 2006, designed to meet K-12 school facility needs through 2008-09, is estimated to provide approximately 9,800 new classrooms housing almost 255,000 students and approximately 38,400 renovated classrooms to serve 989,000 students through the following components:

- New Construction (\$1.9 billion)

\* Dollars in thousands, except in Salary Range.

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- Modernization (\$3.3 billion)
- Charter Schools (\$500 million)
- Career Technical Education (\$500 million)
- Overcrowding Relief (\$1 billion)
- High Performance Schools (\$100 million)
- Joint-Use (\$29 million)
- Of the amounts for new construction and modernization above, up to \$200 million is available for small learning communities. Of the amount for new construction above, up to \$199.5 million is available for seismic safety retrofit.

### DETAILED BUDGET ADJUSTMENTS

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Baseline Adjustment Descriptions</b>						
• Adjust Repayments to the General Fund from the School Building Aid Fund	\$352	\$-	-	\$1,122	\$-	-
• Adjustment for Increased State Operations Cost for Deferred Maintenance	2	-	-	3	-	-
• Adjustments to Reflect Estimated Allocations to Schools from G.O. Bonds and Other Funds	-	2,791,111	-	-	3,833,979	-
• Decrease Funding for State Relocatable Classroom Program Operations	-	-1,557	-	-	-4,730	-
• Reduce Excess Loan Repayments from General Fund for Deferred Maintenance	-354	-	-	-1,125	-	-
<b>Totals, Baseline Adjustments</b>	<b>\$-</b>	<b>\$2,789,554</b>	<b>-</b>	<b>\$-</b>	<b>\$3,829,249</b>	<b>-</b>
<b>TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$-</b>	<b>\$2,789,554</b>	<b>-</b>	<b>\$-</b>	<b>\$3,829,249</b>	<b>-</b>

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

2 LOCAL ASSISTANCE	2005-06*	2006-07*	2007-08*
<b>0001 General Fund, Proposition 98</b>			
APPROPRIATIONS			
Education Code Section 17080 (transfer to State School Deferred Maintenance Fund)	\$7,841	\$5,786	\$5,015
<b>TOTALS, EXPENDITURES</b>	<b>\$7,841</b>	<b>\$5,786</b>	<b>\$5,015</b>
<b>0001 General Fund</b>			
APPROPRIATIONS			
Education Code Sections 16096 and 16504	-\$7,963	-\$5,938	-\$5,168
Education Code Section 17080 (transfer to State School Deferred Maintenance Fund)	122	152	153
<b>TOTALS, EXPENDITURES</b>	<b>-\$7,841</b>	<b>-\$5,786</b>	<b>-\$5,015</b>
<b>TOTALS, GENERAL FUND EXPENDITURES</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>0119 1998 State School Facilities Fund</b>			
APPROPRIATIONS			
Prior year balances available:			
Education Code Section 100420 (a)(b) as added by Chapter 407, Statutes of 1998	\$12,120	\$19,700	-
<b>Totals Available</b>	<b>\$12,120</b>	<b>\$19,700</b>	<b>\$-</b>
Balance available in subsequent years	-19,700	-	-
<b>TOTALS, EXPENDITURES</b>	<b>-\$7,580</b>	<b>\$19,700</b>	<b>\$-</b>
<b>0344 State School Building Lease - Purchase Fund</b>			
APPROPRIATIONS			
Prior year balances available:			
Education Code Section 17008--Bond Acts (for allocation to school districts)	\$52,369	\$58,802	-
Transfer to various departments for state operations	-426	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$51,943</b>	<b>\$58,802</b>	<b>\$-</b>
Less funding provided by Bond Proceeds Account, State School Building Lease-Purchase Fund	-52,369	-58,802	-

\* Dollars in thousands, except in Salary Range.

## 6350 School Facilities Aid Program - Continued

	2005-06*	2006-07*	2007-08*
<b>2 LOCAL ASSISTANCE</b>			
<b>NET TOTALS, EXPENDITURES</b>	<b>-\$426</b>	<b>\$-</b>	<b>\$-</b>
<b>0739 State School Building Aid Fund</b>			
APPROPRIATIONS			
Education Code Section 17088(f)	\$3,496	\$7,631	\$4,706
Transfer to Department of General Services for State Operations	-	-	-289
Education Code Sections 16096 and 16504 (Abatement to General Fund)	7,963	5,938	5,168
<b>TOTALS, EXPENDITURES</b>	<b>\$11,459</b>	<b>\$13,569</b>	<b>\$9,585</b>
Loan Repayments from School Districts per Education Code Section 16080	-990	-584	-345
<b>NET TOTALS, EXPENDITURES</b>	<b>\$10,469</b>	<b>\$12,985</b>	<b>\$9,240</b>
<b>0743 Bond Proceeds Account, State School Building Lease-Purchase Fund</b>			
APPROPRIATIONS			
Education Code Section 17008 (transfer to State School Building Lease-Purchase Fund)	\$52,369	\$58,802	-
<b>TOTALS, EXPENDITURES</b>	<b>\$52,369</b>	<b>\$58,802</b>	<b>\$-</b>
<b>0961 State School Deferred Maintenance Fund</b>			
APPROPRIATIONS			
Prior year balances available:			
Education Code Section 17080	\$279,578	\$278,438	\$283,025
Transfer to Department of General Services for State Operations	-122	-152	-
Transfer to Department of General Services for State Operations	-	-	-153
<b>TOTALS, EXPENDITURES</b>	<b>\$279,456</b>	<b>\$278,286</b>	<b>\$282,872</b>
Less funding provided by the General Fund	-275,871	-275,838	-281,475
<b>NET TOTALS, EXPENDITURES</b>	<b>\$3,585</b>	<b>\$2,448</b>	<b>\$1,397</b>
<b>3082 School Facilities Emergency Repair Account</b>			
APPROPRIATIONS			
Education Code Section 17592.71	\$2,623	\$25,000	\$25,000
<b>TOTALS, EXPENDITURES</b>	<b>\$2,623</b>	<b>\$25,000</b>	<b>\$25,000</b>
Less funding provided by the General Fund	-196,024	-136,979	-100,000
<b>NET TOTALS, EXPENDITURES</b>	<b>-\$193,401</b>	<b>-\$111,979</b>	<b>-\$75,000</b>
<b>6036 2002 State School Facilities Fund</b>			
APPROPRIATIONS			
Prior year balances available:			
Education Code Sections 100620 (a)(f) and 100625(a)	\$67,957	\$152,643	-
Transfer to Department of General Services for State Operations	-11,898	-	-
Transfer to Department of Education for State Operations	-2,206	-	-
Transfer to State Controller's Office for State Operations	-400	-	-
<b>Totals Available</b>	<b>\$53,453</b>	<b>\$152,643</b>	<b>\$-</b>
Balance available in subsequent years	-152,643	-	-
<b>TOTALS, EXPENDITURES</b>	<b>-\$99,190</b>	<b>\$152,643</b>	<b>\$-</b>
<b>6044 2004 State School Facilities Fund</b>			
APPROPRIATIONS			
Prior year balances available:			
Education Code Sections 100820 (a)(f) and 100825(a)	\$6,872,707	\$3,631,875	\$1,856,740
Transfer to Department of Education for State Operations	-	-2,658	-
Transfer to State Controller's Office for State Operations	-	-897	-
Transfer to Department of General Services for State Operations	-	-12,577	-
Transfer to HRMS for State Operations	-	-3	-
Transfer to Department of General Services for State Operations	-	-	-12,525
Transfer to Various Departments for State Operations	-	-	-3,558
<b>Totals Available</b>	<b>\$6,872,707</b>	<b>\$3,615,740</b>	<b>\$1,840,657</b>
Balance available in subsequent years	-3,631,875	-1,856,740	-

\* Dollars in thousands, except in Salary Range.

## 6350 School Facilities Aid Program - Continued

2 LOCAL ASSISTANCE	2005-06*	2006-07*	2007-08*
<b>TOTALS, EXPENDITURES</b>	<b>\$3,240,832</b>	<b>\$1,759,000</b>	<b>\$1,840,657</b>
<b>6057 2006 State School Facilities Fund</b>			
APPROPRIATIONS			
Transfer to Department of General Services for State Operations	-	-	-\$575
Prior year balances available:			
Education Code Sections 101010 and 101012	-	\$7,329,000	6,344,000
<b>Totals Available</b>	<b>\$-</b>	<b>\$7,329,000</b>	<b>\$6,343,425</b>
Balance available in subsequent years	-	-6,344,000	-4,201,425
<b>TOTALS, EXPENDITURES</b>	<b>\$-</b>	<b>\$985,000</b>	<b>\$2,142,000</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)</b>	<b>\$3,006,658</b>	<b>\$2,878,599</b>	<b>\$3,918,294</b>

### FUND CONDITION STATEMENTS

	2005-06*	2006-07*	2007-08*
<b>0344 State School Building Lease - Purchase Fund <sup>S</sup></b>			
BEGINNING BALANCE	-	-	-
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	\$426	-	-
6350 School Facilities Aid Program (Local Assistance)	51,943	58,802	-
Expenditure Adjustments:			
6350 School Facilities Aid Program			
Less funding provided by Bond Proceeds Account, State School Building Lease-	-52,369	-58,802	-
Purchase Fund (Local Assistance)			
Total Expenditures and Expenditure Adjustments	-	-	-
FUND BALANCE	-	-	-
<b>0739 State School Building Aid Fund <sup>N</sup></b>			
BEGINNING BALANCE	\$23,210	\$21,981	\$43,372
Prior year adjustments	-847	-	-
Adjusted Beginning Balance	\$22,363	\$21,981	\$43,372
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
213000 Property and Natural Resources (Rental of State Property, Education Code	25,279	30,781	20,000
Section 17094)			
Lease	(25,279)	(21,273)	(8,000)
Sale	-	(9,508)	(12,000)
214000 Interest Income Portion of Loan Repayments Received From School Districts	6,972	5,353	4,821
Transfers and Other Adjustments:			
TO0001 To General Fund per Section 24.30, Budget Act of 2005	-22,164	-	-
Total Revenues, Transfers, and Other Adjustments	\$10,087	\$36,134	\$24,821
Total Resources	\$32,450	\$58,115	\$68,193
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1760 Department of General Services (State Operations)	-	1,758	289
6350 School Facilities Aid Program (Local Assistance)	11,459	13,569	9,585
Expenditure Adjustments:			
6350 School Facilities Aid Program			
Loan Repayments from School Districts per Education Code Section 16080 (Local	-990	-584	-345
Assistance)			
Total Expenditures and Expenditure Adjustments	\$10,469	\$14,743	\$9,529
FUND BALANCE	\$21,981	\$43,372	\$58,664

\* Dollars in thousands, except in Salary Range.

**6350 School Facilities Aid Program - Continued**

	2005-06*	2006-07*	2007-08*
<b>0743 Bond Proceeds Account, State School Building Lease-Purchase Fund <sup>B</sup></b>			
BEGINNING BALANCE	\$6,858	\$6,857	-
Prior year adjustments	<u>-1</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$6,857	\$6,857	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
299000 Close Out Audits and Other Project Adjustments	<u>52,369</u>	<u>51,945</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$52,369</u>	<u>\$51,945</u>	<u>-</u>
Total Resources	\$59,226	\$58,802	-
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
6350 School Facilities Aid Program (Local Assistance)	<u>52,369</u>	<u>58,802</u>	<u>-</u>
Total Expenditures and Expenditure Adjustments	<u>\$52,369</u>	<u>\$58,802</u>	<u>-</u>
FUND BALANCE	\$6,857	-	-
<b>0961 State School Deferred Maintenance Fund <sup>N</sup></b>			
BEGINNING BALANCE	-	-	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Transfers and Other Adjustments:			
FO0956 From School Site Utilization Fund per Education Code Section 17224	<u>\$3,707</u>	<u>\$2,600</u>	<u>\$1,550</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$3,707</u>	<u>\$2,600</u>	<u>\$1,550</u>
Total Resources	\$3,707	\$2,600	\$1,550
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1760 Department of General Services (State Operations)	122	152	153
6350 School Facilities Aid Program (Local Assistance)	279,456	278,286	282,872
Expenditure Adjustments:			
6350 School Facilities Aid Program			
Less funding provided by the General Fund (Local Assistance)	<u>-275,871</u>	<u>-275,838</u>	<u>-281,475</u>
Total Expenditures and Expenditure Adjustments	<u>\$3,707</u>	<u>\$2,600</u>	<u>\$1,550</u>
FUND BALANCE	-	-	-
<b>3082 School Facilities Emergency Repair Account <sup>S</sup></b>			
BEGINNING BALANCE	\$5,000	\$198,401	\$310,380
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
6350 School Facilities Aid Program (Local Assistance)	2,623	25,000	25,000
Expenditure Adjustments:			
6350 School Facilities Aid Program			
Less funding provided by the General Fund (Local Assistance)	<u>-196,024</u>	<u>-136,979</u>	<u>-100,000</u>
Total Expenditures and Expenditure Adjustments	<u>-\$193,401</u>	<u>-\$111,979</u>	<u>-\$75,000</u>
FUND BALANCE	\$198,401	\$310,380	\$385,380
Reserve for economic uncertainties	198,401	310,380	385,380

\* Dollars in thousands, except in Salary Range.