

0985 California School Finance Authority

The California School Finance Authority (CSFA) was created in 1985 to oversee the statewide system for the sale of revenue bonds to reconstruct, remodel or replace existing school buildings, acquire new school sites and buildings to be made available to public school districts (K-12) and community colleges, and to assist school districts by providing access to financing for working capital and capital improvements. CSFA consists of the following three members: the State Treasurer who serves as chair, the Superintendent of Public Instruction, and the Director of Finance.

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

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
20 Charter School Facilities Program	3.0	3.0	3.0	\$19,773	\$10,413	\$10,716
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	3.0	3.0	3.0	\$19,773	\$10,413	\$10,716
FUNDING				2005-06*	2006-07*	2007-08*
0890 Federal Trust Fund				\$19,363	\$9,850	\$9,850
6040 Charter School Facilities Account, 2002 State School Facilities Fund				410	563	-
9734 2004 Charter School Facilities Account, 2004 State School Facilities Fund				-	-	566
9735 2006 Charter School Facilities Account, 2006 State School Facilities Fund				-	-	300
TOTALS, EXPENDITURES, ALL FUNDS				\$19,773	\$10,413	\$10,716

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code Sections 17170-17199.5 and 17078.52-17078.66.

DETAILED BUDGET ADJUSTMENTS

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Baseline Adjustment Descriptions						
• Employee Compensation Adjustment	\$-	\$15	-	\$-	\$13	-
• Price Increase	-	-	-	-	6	-
Totals, Baseline Adjustments	\$-	\$15	-	\$-	\$19	-
Policy Adjustment Descriptions						
• Consulting Services for Charter School Program	\$-	\$-	-	\$-	\$300	-
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$300	-
TOTALS, BUDGET ADJUSTMENTS	\$-	\$15	-	\$-	\$319	-

PROGRAM DESCRIPTIONS (Program Objectives Statement)

SMART BONDS PROGRAM

Chapter 1438, Statutes of 1985, as amended by Chapter 598, Statutes of 1987, established the California School Finance Authority (CSFA) and authorized the issuance of \$400 million in revenue bonds or other debt instruments. The proceeds from the sale of the bonds are 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, acquisition of portable/relocatable buildings, and to provide working capital. The proceeds of loan repayments provide the resources necessary for payment of bond debt service. All expenditures of CSFA for debt service and other expenses must be paid from the revenues available to CSFA. 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 agree 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.

CHARTER SCHOOL FACILITIES PROGRAM

Chapter 935, Statutes of 2002, created a pilot program - the Charter Schools Facilities Program, that provides funding for the new construction or renovation of charter school facilities. CSFA and the Office of Public School Construction jointly administer the program. Proposition 47, approved by the voters in November of 2002, made \$100 million available for the program. Chapter 587, Statutes of 2003, modified the program, and among other things, set out to maximize the number of projects funded in subsequent rounds of program funding. With the passage of Proposition 55, in March 2004, an additional

* Dollars in thousands, except in Salary Range.

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\$300 million was made available for the program. In February 2005, 28 schools were awarded funding through the program's second funding round.

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

STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM

The CSFA administers the State Charter School Facilities Incentive Grants Program to provide California charter schools with assistance for facilities costs. The \$50 million federal grant is being 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 purchase, design and construction 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 and whether the school is a not-for-profit entity. Eligible charter schools must, at a minimum, be in good standing with their chartering authority, provide site-based instruction, and have completed at least one school year of instructional operations. Additional requirements are listed in the program regulations.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		2005-06*	2006-07*	2007-08*
PROGRAM REQUIREMENTS				
20	CHARTER SCHOOL FACILITIES PROGRAM			
	State Operations:			
0890	Federal Trust Fund	\$12	\$125	\$125
6040	Charter School Facilities Account, 2002 State School Facilities Fund	410	563	-
9734	2004 Charter School Facilities Account, 2004 State School Facilities Fund	-	-	566
9735	2006 Charter School Facilities Account, 2006 State School Facilities Fund	-	-	300
	Totals, State Operations	\$422	\$688	\$991
	Local Assistance:			
0890	Federal Trust Fund	\$19,351	\$9,725	\$9,725
	Totals, Local Assistance	\$19,351	\$9,725	\$9,725
	TOTALS, EXPENDITURES			
	State Operations	422	688	991
	Local Assistance	19,351	9,725	9,725
	Totals, Expenditures	\$19,773	\$10,413	\$10,716

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	3.0	3.0	3.0	\$213	\$212	\$214
Total Adjustments	-	-	-	-	7	7
Net Totals, Salaries and Wages	3.0	3.0	3.0	\$213	\$219	\$221
Staff Benefits	-	-	-	70	109	105
Totals, Personal Services	3.0	3.0	3.0	\$283	\$328	\$326
OPERATING EXPENSES AND EQUIPMENT						
				\$139	\$360	\$665
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$422	\$688	\$991
2 Local Assistance		Expenditures				
		2005-06*	2006-07*	2007-08*		
Federal Grant Program		\$19,351	\$9,725	\$9,725		
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)		\$19,351	\$9,725	\$9,725		

* Dollars in thousands, except in Salary Range.

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DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$225	\$125	\$125
Budget Adjustment	<u>-213</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$12	\$125	\$125
6040 Charter School Facilities Account, 2002 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$543	\$547	-
Allocation for employee compensation	-	14	-
Adjustment per Section 3.60	<u>-2</u>	<u>2</u>	<u>-</u>
Totals Available	\$541	\$563	\$-
Unexpended balance, estimated savings	<u>-131</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$410	\$563	\$-
9734 2004 Charter School Facilities Account, 2004 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>-</u>	<u>-</u>	<u>\$566</u>
TOTALS, EXPENDITURES	\$-	\$-	\$566
9735 2006 Charter School Facilities Account, 2006 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>-</u>	<u>-</u>	<u>\$300</u>
TOTALS, EXPENDITURES	\$-	\$-	\$300
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$422	\$688	\$991
2 LOCAL ASSISTANCE	2005-06*	2006-07*	2007-08*
0890 Federal Trust Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$19,475	\$9,725	\$9,725
Budget Adjustment	<u>-124</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$19,351	\$9,725	\$9,725
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$19,351	\$9,725	\$9,725
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$19,773	\$10,413	\$10,716

CHANGES IN AUTHORIZED POSITIONS

	<u>Positions</u>			<u>Expenditures</u>		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Totals, Authorized Positions	3.0	3.0	3.0	\$213	\$212	\$214
Salary Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Total Adjustments	-	-	-	\$-	\$7	\$7
TOTALS, SALARIES AND WAGES	3.0	3.0	3.0	\$213	\$219	\$221

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