

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 POSITIONS

		Positions			Expenditures		
		2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
20	Charter School Facilities Program	6.2	5.0	5.0	\$749	\$1,113	\$1,139
30	State Charter School Facilities Incentive Grants Program	1.0	1.0	1.0	20,086	20,136	20,140
40	Charter School Facility Grant Program	-	-	1.0	-	-	92,119
50	Charter School Revolving Loan Program	-	-	1.0	-	-	12,473
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		7.2	6.0	8.0	\$20,835	\$21,249	\$125,871
FUNDING					2011-12*	2012-13*	2013-14*
0001	General Fund				\$-	\$-	\$175
0001	General Fund, Proposition 98				-	-	92,031
0526	California School Finance Authority Fund				80	100	100
0606	Charter School Revolving Loan Fund				-	-	12,386
0890	Federal Trust Fund				20,086	20,136	20,140
6044	2004 State School Facilities Fund				548	584	610
6057	2006 State School Facilities Fund				121	429	429
TOTALS, EXPENDITURES, ALL FUNDS					\$20,835	\$21,249	\$125,871

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 2012-13 and 2013-14.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Education Code Sections 17170-17199.5 and 17078.52-17078.66.

MAJOR PROGRAM CHANGES

- The 2013-14 Governor's Budget proposes a shift of \$92 million Proposition 98 General Fund, \$12.4 million Charter School Revolving Loan Fund, and \$175,000 non-Proposition 98 General Fund to reflect the realignment of the Charter School Facility Grant Program and the Charter School Revolving Loan Program from the Department of Education to the California School Finance Authority.

DETAILED BUDGET ADJUSTMENTS

		2012-13*			2013-14*		
		General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments							
Other Workload Budget Adjustments							
•	Employee Compensation Adjustments	\$-	-\$22	-	\$-	\$4	-
•	Retirement Rate Adjustment	-	9	-	-	9	-
•	Miscellaneous Adjustments	-	-	-	-	4	-
Totals, Other Workload Budget Adjustments		\$-	-\$13	-	\$-	\$17	-
Totals, Workload Budget Adjustments		\$-	-\$13	-	\$-	\$17	-
Policy Adjustments							

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

	2012-13*			2013-14*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Administer Charter School Facility Grant Program (shifted from State Department of Education)	\$-	\$-	-	\$92,031	\$-	-
• Permanent Associate Governmental Program Analyst positions (shifted from State Department of Education)	-	-	-	175	-	2.0
• Administer Charter School Revolving Loan Program (shifted from State Department of Education)	-	-	-	-	12,386	-
Totals, Policy Adjustments	\$-	\$-	-	\$92,206	\$12,386	2.0
Totals, Budget Adjustments	\$-	-\$13	-	\$92,206	\$12,403	2.0

PROGRAM DESCRIPTIONS

10 - SMART BONDS PROGRAM

Chapter 1438, Statutes of 1985, as amended by Chapter 598, Statutes of 1987, established CSFA and authorized the 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 five note transactions totaling nearly \$31.6 million in borrowing authority for California's charter schools. CSFA also has issued approximately \$52 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, renovation or rehabilitation 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.

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 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 preference points for charter schools providing better educational opportunities than surrounding traditional public schools. First time recipients are also given preference as compared to past recipients.

CHARTER SCHOOL FACILITIES CREDIT ENHANCEMENT GRANT PROGRAM

In 2010, CSFA was awarded a grant of \$8.3 million by the Charter School Facilities Credit Enhancement Grant 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 (QSCBs)

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

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 all of the \$141 million. Of the total allocation to charter schools, CSFA has issued \$51.6 million.

40 - CHARTER SCHOOL FACILITY GRANT PROGRAM

The Charter School Facility Grant Program provides assistance with rent and lease costs for charter schools that meet specific eligibility criteria. This program targets schools and communities with significant populations of economically disadvantaged students. Eligible charter schools are provided up to \$750 per unit of eligible average daily attendance, not to exceed 75 percent of the total annual facilities rent or lease costs.

50 - CHARTER SCHOOL REVOLVING LOAN PROGRAM

New non-conversion charter schools may receive low-interest loans from the Charter School Revolving Loan Program to use for start-up costs. The program provides loans of up to \$250,000 to be paid back over a time period not to exceed five years. The interest collected is deposited into the Charter School Security Fund and may be used to replenish the Charter School Revolving Loan Fund and offset any loan defaults.

DETAILED EXPENDITURES BY PROGRAM

		2011-12*	2012-13*	2013-14*
	PROGRAM REQUIREMENTS			
20	CHARTER SCHOOL FACILITIES PROGRAM			
	State Operations:			
0526	California School Finance Authority Fund	\$80	\$100	\$100
6044	2004 State School Facilities Fund	548	584	610
6057	2006 State School Facilities Fund	<u>121</u>	<u>429</u>	<u>429</u>
	Totals, State Operations	\$749	\$1,113	\$1,139
	PROGRAM REQUIREMENTS			
30	STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM			
	State Operations:			
0890	Federal Trust Fund	<u>\$87</u>	<u>\$136</u>	<u>\$140</u>
	Totals, State Operations	\$87	\$136	\$140
	Local Assistance:			
0890	Federal Trust Fund	<u>\$19,999</u>	<u>\$20,000</u>	<u>\$20,000</u>
	Totals, Local Assistance	\$19,999	\$20,000	\$20,000
	PROGRAM REQUIREMENTS			
40	CHARTER SCHOOL FACILITY GRANT PROGRAM			
	State Operations:			
0001	General Fund	<u>\$-</u>	<u>\$-</u>	<u>\$88</u>
	Totals, State Operations	\$-	\$-	\$88
	Local Assistance:			
0001	General Fund	<u>\$-</u>	<u>\$-</u>	<u>\$92,031</u>
	Totals, Local Assistance	\$-	\$-	\$92,031
	PROGRAM REQUIREMENTS			
50	CHARTER SCHOOL REVOLVING LOAN PROGRAM			
	State Operations:			
0001	General Fund	<u>\$-</u>	<u>\$-</u>	<u>\$87</u>
	Totals, State Operations	\$-	\$-	\$87
	Local Assistance:			
0606	Charter School Revolving Loan Fund	<u>\$-</u>	<u>\$-</u>	<u>\$12,386</u>
	Totals, Local Assistance	\$-	\$-	\$12,386
	TOTALS, EXPENDITURES			

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

	2011-12*	2012-13*	2013-14*
State Operations	836	1,249	1,454
Local Assistance	19,999	20,000	124,417
Totals, Expenditures	\$20,835	\$21,249	\$125,871

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	7.2	6.0	6.0	\$452	\$379	\$403
Total Adjustments	-	-	2.0	-	-	117
Net Totals, Salaries and Wages	7.2	6.0	8.0	\$452	\$379	\$520
Staff Benefits	-	-	-	143	161	219
Totals, Personal Services	7.2	6.0	8.0	\$595	\$540	\$739
OPERATING EXPENSES AND EQUIPMENT				\$241	\$709	\$715
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$836	\$1,249	\$1,454

2 Local Assistance	Expenditures		
	2011-12*	2012-13*	2013-14*
Federal Grant Program	\$19,999	\$20,000	\$20,000
Charter School Facility Grant Program	-	-	92,031
Charter School Revolving Loan Program	-	-	12,386
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$19,999	\$20,000	\$124,417

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2011-12*	2012-13*	2013-14*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$-	\$175
TOTALS, EXPENDITURES	\$-	\$-	\$175
0526 California School Finance Authority Fund			
APPROPRIATIONS			
Education Code Section 17181	\$80	\$100	\$100
TOTALS, EXPENDITURES	\$80	\$100	\$100
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$125	\$136	\$140
Budget Adjustment	-38	-	-
TOTALS, EXPENDITURES	\$87	\$136	\$140
6044 2004 State School Facilities Fund			
APPROPRIATIONS			
Education Code Section 17078.52(b)(2) (Transfer to 2004 Charter School Facilities Account, 2004 State School Facilities Fund)	\$548	\$584	\$610
TOTALS, EXPENDITURES	\$548	\$584	\$610
6057 2006 State School Facilities Fund			
APPROPRIATIONS			

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

1 STATE OPERATIONS	2011-12*	2012-13*	2013-14*
Education Code Section 17078.52 (b)(3) (Transfer to 2006 Charter School Facilities Account, 2006 State School Facilities Fund)	\$121	\$429	\$429
TOTALS, EXPENDITURES	\$121	\$429	\$429
9734 2004 Charter School Facilities Account, 2004 State School Facilities Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$598	\$597	\$610
Allocation for employee compensation	1	2	-
Adjustment per Section 3.60	4	9	-
Adjustment per Section 3.90	-6	-24	-
Adjustment per Section 3.91 (b) Operational Efficiency Plan	-7	-	-
Totals Available	\$590	\$584	\$610
Unexpended balance, estimated savings	-42	-	-
TOTALS, EXPENDITURES	\$548	\$584	\$610
Less funding provided by 2004 State School Facilities Fund	-548	-584	-610
NET TOTALS, EXPENDITURES	\$-	\$-	\$-
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	-308	-	-
TOTALS, EXPENDITURES	\$121	\$429	\$429
Less funding provided by 2006 State School Facilities Fund	-121	-429	-429
NET TOTALS, EXPENDITURES	\$-	\$-	\$-
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$836	\$1,249	\$1,454
2 LOCAL ASSISTANCE	2011-12*	2012-13*	2013-14*
0001 General Fund, Proposition 98			
APPROPRIATIONS			
220 Budget Act appropriation	\$-	\$-	\$92,031
TOTALS, EXPENDITURES	\$-	\$-	\$92,031
0606 Charter School Revolving Loan Fund			
APPROPRIATIONS			
Education Code Section 41365	\$-	\$-	\$12,386
TOTALS, EXPENDITURES	\$-	\$-	\$12,386
0890 Federal Trust Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$20,000	\$20,000	\$20,000
Budget Adjustment	-1	-	-
TOTALS, EXPENDITURES	\$19,999	\$20,000	\$20,000
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$19,999	\$20,000	\$124,417
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$20,835	\$21,249	\$125,871

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
Totals, Authorized Positions	7.2	6.0	6.0	\$452	\$379	\$403
Proposed New Positions:				Salary Range		
Assoc Govtl Prog Analyst	-	-	2.0	4,400-5,348	-	117
Total Proposed New Positions	-	-	2.0	\$-	\$-	\$117
Total Adjustments	-	-	2.0	\$-	\$-	\$117

* Dollars in thousands, except in Salary Range.

0985 California School Finance Authority - Continued

	Positions			Expenditures		
	2011-12	2012-13	2013-14	2011-12*	2012-13*	2013-14*
TOTALS, SALARIES AND WAGES	7.2	6.0	8.0	\$452	\$379	\$520

* Dollars in thousands, except in Salary Range.