

SUSTAINABLE SOLUTIONS FOR BUDGET SHORTFALLS

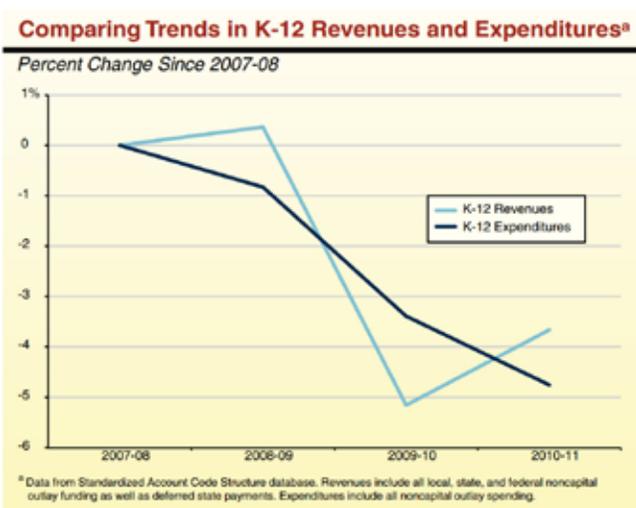
We've all felt the effects of California's economic crisis in our school districts. District leaders have little control over budgets allocated by the state, yet are responsible for making cuts to close the resulting deficit. Most short-term budget fixes have been exhausted and the "savings opportunities" left on the table include teacher layoffs, school closures and reductions to school programs.

Have you thought about cutting your district's utility bill? Doing so frees up general funds for your students without sacrifice, and financing options ensure a positive return on investment. This is all possible with solar. Learn how to apply solar as a solution to your district's budget woes.

THE FUNDING CLIFF

In an effort to save funds, school years have been shortened and class sizes increased. The California Budget Project states that California's teacher workforce dropped by approximately 11% between 2007 and 2011.¹ The remaining teachers are pressured to instruct more students over fewer days, while maintaining or improving academic performance. Adding to that stress is the projection that general fund shortfalls will continue through 2017, totalling \$8-9 billion per year.²

A solar power system is one of the only capital improvement projects that can also generate significant long-term savings for a district.



Despite these budget shortages, our districts' work has been tremendous. So far, the Academic Performance Index (API) of California's 30 largest schools has improved since 2007-2008.³ However, districts can only reduce their budgets so far before student performance suffers. As Los Angeles Unified School District Superintendent John Deasy reported at the February 2012 hearing of the Senate Budget and Fiscal Review Committee, "The funding cliff is here."

Legislative Analyst's Office

SUNPOWER SOLAR SCHOOL PROJECTS

Los Angeles Unified School District

Mount Diablo Unified School District

Oxnard Union High School District

Porterville Unified School District

San Mateo Union High School District

San Ramon Valley Unified School District

Sweetwater Union High School District

K12 SOLAR OPPORTUNITY

Utilities have been an unavoidable expenditure. Today, solar power gives school districts the opportunity to take control of this unpredictable expense, helping districts put more money back into classrooms.

Solar has proven to be a powerful cost cutting option that can help offset the impact of the funding cliff. By dramatically reducing district energy costs, a solar solution frees up significant budget from your district's operating fund. What's more, because solar is a capital improvement project, unique funding options provide the rare opportunity for general fund savings from a capital project.

THE FUNDING SOLUTION

How can you fund a renewable energy project despite budget deficits? First, it's critical to consider the Levelized Cost of Energy (LCOE) and Net Present Value (NPV) of an investment this large in order to calculate the true savings potential. Second: rebates, incentives and bond measures are constantly shifting and some savings opportunities may not be readily apparent. A knowledgeable vendor or independent solar consultant can guide you through the details. Below is a quick overview of the three primary financing options for school solar projects.

Voter Approved Bonds

General obligation bonds and modernization grants are typically approved to help pay for necessary capital improvement projects like re-roofing an auditorium or installing new lockers. However, bonds can be applied to solar projects when capital improvements are not needed. Bonds, incentives and rebates reduce the overall cost of the project, while schools benefit daily from the lower cost of solar electricity.

Federally Subsidized Bonds

These bond measures are issued for a variety of uses that tend to promote the conservation of energy. Bonds are sold as taxable debt and the federal government subsidizes the interest on the bonds. Qualified Zone Academy Bonds (QZAB) or Qualified School Construction Bonds (QSCB) are examples of federally subsidized bonds used to finance solar.

Power Purchase Agreement

Another option for financing a solar system is through a Power Purchase Agreement (PPA). A PPA allows a district to install the solar panels on its facilities with little or no up-front capital cost and then purchase electricity from the system owner. PPAs are an excellent option when bond funds are unavailable.

Solar power can help insulate district budgets from the funding crisis and rising electricity rates. In the end, going solar can be the difference between more teacher layoffs and the preservation of a quality education, and now is the time to take action.

SOURCES

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