

February 7, 2013

**House Consumer Protection and Government Efficiency Committee
Testimony of David Terry, CPA, CIA – Internal Auditor for Portland Community
College**

Chair Holvey and Members of the Committee:

Portland Community College is asking for your positive consideration of House Bill 2140 - allowing community colleges access to the Oregon Intermediate Term Pool. My name is David Terry, Internal Auditor for Portland Community College. I wanted to provide some brief context on this bill from the community college perspective, and highlight PCC as a place where, with the passage of this bill, we could be reinvesting millions of dollars into the local economy. I won't speak for *all* my counterparts in Oregon's community colleges, but we have been in touch with some of the community college business officers and there is widespread agreement that having access to this investment pool would make sense for community colleges, and allow for the wise reinvestment of financial resources into projects providing educational opportunity and immediate jobs in the construction field.

In 2008, voters across our service area approved a \$374 million bond for new building construction, building renovations, technology modernization, real estate acquisition, sustainability projects, and safety and security enhancements. With the support of the local community, PCC has been developing everything from the new Newberg Center, to renovation of PCC's Sylvania Campus, to projects in Washington and Columbia Counties, as well as brick and mortar classrooms to handle increased capacity in North Portland to building out a full service campus at PCC's Southeast Center. In terms of project development, our Bond Program team reports that we are under budget and ahead of schedule.

In 2011, I conducted an internal audit of PCC's Bond Program, I discovered that the Oregon University System has the ability to invest financial resources into the Oregon Intermediate Term Pool; however, Oregon Revised Statutes disallow Oregon's community colleges to invest in the Oregon Intermediate Term Pool. In my estimation, if the Oregon Revised Statutes were changed to allow Oregon's community colleges the legal ability to invest in the Oregon Intermediate Term Pool, then PCC could realize an increase in investment income of approximately \$2.25 million per year if PCC were to invest \$50 million into the Oregon Intermediate Term Pool. The ability to invest in the Oregon Intermediate Term Pool would allow Oregon's community colleges to:

- Better diversify their investment portfolios to obtain an increased rate of return on the investment of public funds;
- Use increased investment income to help take additional steps to achieve the Governor's 40/40/20 goals for state education; and
- Generate increased investment returns of local bond funds that can be used to increase the amount of funding Oregon's community colleges can reinvest into the construction and business industry during bond construction and renovation projects.

Thank you for the opportunity to testify today. I'd be pleased to answer any questions.