

**STATEMENT CONCERNING SB 447 AND ARTICLE XI-P BONDING**  
**JOINT WAYS & MEANS SUBCOMMITTEE ON CAPITAL CONSTRUCTION**

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Co-Chair Read, Co-Chair Girod, and members of the Subcommittee:

Thank you for the opportunity to speak today in support of SB 447.

For the record, my name is Edward Wolf. I am a writer on science and the environment, a seismic safety advocate, and I'm speaking today as a member of the SB 540 Task Force.

Responding to the charge set forth in SB 540, passed by the Legislature in 2013, our Task Force devoted a year of analysis and discussion to school capital improvement planning. That work resulted in a report, *The Schools Our Students Deserve: A Statewide School Facilities Program for Oregon*.

The centerpiece of our report is a set of recommendations concerning how to implement the Article XI-P bonding authority endorsed by Oregon voters with the passage of Ballot Measure 68 in 2010.

Measure 68, in turn, originated in 2009 with passage of House Joint Resolution 13 concerning creation of a school capital matching fund.

The Legislature has been thinking about its responsibility for K-12 capital costs for several biennia. Now you have the opportunity to act.

Our report describes a comprehensive four-part school facilities program for Oregon, which supplied the blueprint for Senate Bill 447. Today I will comment only on our recommendations concerning capital funding.

The Task Force recommends that the Legislative Assembly initiate state matching grants for K-12 school facilities capital improvements with a **\$125 million authorization of Article XI-P bonds** for the 2015-17 biennium.

This authorization would support matching grant funds of roughly \$30 million for each of the four election cycles during the biennium, funding matching grants of \$4 million to \$8 million (or the local-bond face value if smaller) to school districts that pass local capital bonds. Districts would

know their eligibility for matching funds, and the size of the match available to them, prior to the date of their local bond election.

The program we proposed has a two-fold purpose:

1. To provide additional *capital in meaningful amounts* to local K-12 school districts, and
2. To use the availability of matching funds to *leverage local investment* by school districts.

In short, we believe that the availability of state matching grants can increase the chance that school districts can win the support of their voters.

In Oregon, raising capital for K-12 school facilities is an uncertain proposition. Reviewing the 79 school bond elections held around the state since 2009, the success rate is 50 percent. That performance has been more or less stable for at least 20 years.

The success rate is too low to keep up with the needs of K-12 schools. Using a methodology that is standard practice in the architecture and engineering field, based on a sample of 40 Oregon school districts, the Task Force estimated that deferred maintenance at Oregon K-12 schools statewide totals at least \$7.6 billion. This figure does not take into account instructional needs or student capacity issues.

Many school districts in Oregon lack sufficient voter support to pass school bonds. Eighty-five school districts – 43 percent of the state’s total – have tried and failed, or not tried at all, to pass capital bonds in the years since 1997. Nearly 60,000 Oregon students attend school in these districts.

Some districts must make repeated attempts before winning voter support. Willamina School District holds the record, with six attempts over ten years before its successful May 2014 bond measure. Two, three, and even four attempts before success are not uncommon.

And it is typical for requests to be reduced to gain passage; Willamina sought a \$12 million bond in November 2005 but passed a \$2 million bond (by a margin of just 0.7%) in May 2014. A lot of capital needs go unmet in such circumstances.

The Task Force reached the conclusion that matching grants can supply an incentive sufficient to win local support in close elections, increasing the total investment in schools at the local level.

Between 1999 and 2013, bond measures in 49 Oregon school districts were defeated by margins of 5% or less. We performed an analysis to assess the impact on election outcomes, assuming that the availability of matching funds could sway voter sentiment across a range of percentages from 0.5% to 5.0%.

The assumption that availability of a state matching grant could increase voter support by 2.5% changed the outcome in 29 of the 49 districts and yielded \$1.15 billion in local capital investment.

The assumption that availability of a state matching grant could increase voter support by as little as 1% resulted in favorable outcomes in 10 districts that would have produced \$700 million in local funding for capital projects.

These outcomes are *many multiples* of the state matching-grant investment needed to produce them. The return on the state's investment is highly favorable.

In the latter case involving 10 districts, the state's maximum possible investment of \$80 million in matching grants (assuming maximum matching grants of \$8 million per district) would directly support an estimated 560 jobs – using the method to estimate job creation previously presented to this Subcommittee by the Higher Education Coordinating Commission. But the local investment it leveraged through favorable election outcomes in those districts would support 4,900 additional jobs.

That is a very compelling multiplier effect.

If the availability of state matching grants can earn decisive support for local school bonds that would otherwise go down to defeat in even one or two elections per biennium, the contributions – to investment in safe and suitable school facilities, to employment, and to the learning needs of children – are considerable.

*No other State of Oregon capital program offers this leverage.*

To conclude:

A significant authorization of XI-P bonds in 2015 can benefit K-12 school facilities and students in Oregon in ways that no other state investment can deliver. Our Task Force recommends \$125 million for this purpose in 2015-17.

Senate Bill 447 is about the school facilities that Oregon students deserve: **healthy, safe, and designed and equipped to support achievement.**

Thank you.