



# Oregon Department of Education

Kate Brown, Governor

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Bill #: SB 5505

Joint Subcommittee on Capital Construction

May 12, 2017

Good afternoon Co-Chair Girod, Co-Chair Holvey and members of the committee. For the record, my name is Rick Crager, Assistant Superintendent for Finance and Administration at the Oregon Department of Education. I'm here today in support of Senate Bill 5505 and the 2017-19 Governor's Recommended Budget, which allocates General Obligation bond authority for capital investments for both the Oregon School for the Deaf and the Oregon School Capital Improvement Program. These allocations are recommended under Article XI-P and XI-Q of the Oregon Constitution.

Within Article XI-Q, \$9.4 million of General Obligation bonds are recommended for the purposes of completing much needed capital improvements at the Oregon School for the Deaf (OSD). The school is directly administered by the Department, making them eligible for funding under Article XI-Q.

As most of you are aware, OSD is located in Salem, where it has been maintained on its present campus for over 100 years. The campus includes 18 buildings, many built in the late 1940s, with over 270,000 square feet designed to accommodate a variety of educational, recreational, cultural, and residential facilities. The buildings are organized to shelter the core of the campus where over 120 hearing-impaired students may enjoy a safe and community-enriched atmosphere.

In 2011, an assessment was conducted on OSD's facilities that indicated the need for approximately \$22.0 million of capital improvements. Through prioritization of these improvements, the Department and OSD have successfully addressed \$4.9 million of improvements identified as critical. This was accomplished through a combination of funding from the sale of surplus land around the campus and rent and lease income collected through the use of the campus by other organizations.

While the Department is pleased to have addressed many critical needs, there still remains about \$17.0 million of capital improvement needs. Many of these needs have increased in the priority of repair, including some that are now deemed critical. Most concerning of these needs are the roofs of each building which have long exceeded the deemed useful life. Senate Bill 5505 proposes \$9.4 million in General Obligation bonds that would be focused on roof replacement for all OSD buildings, as well as other needed capital improvements for windows, insulation, and Americans with Disabilities (ADA) upgrades.

Within Article XI-P provides proceeds from the sale of General Obligation bonds to be used as state matching grants to assist school districts and local communities in passing bonds for local school districts and further leverage resources for specific capital and deferred maintenance needs for Oregon's schools. It has been estimated that Oregon's K-12 schools have approximately \$7.6 billion in deferred maintenance needs.

The 2015-17 biennium marked the first time that XI-P bonds were issued in Oregon. This was accomplished through the work of the 2015 Legislature and Senate Bill 447. As a result, XI-P bonds created approximately \$125 million in state matching grants, which have either been awarded or committed to 31 local school districts. These matching grants have and will work together with local school bonds to provide \$2.67 billion in capital improvement projects for Oregon schools.

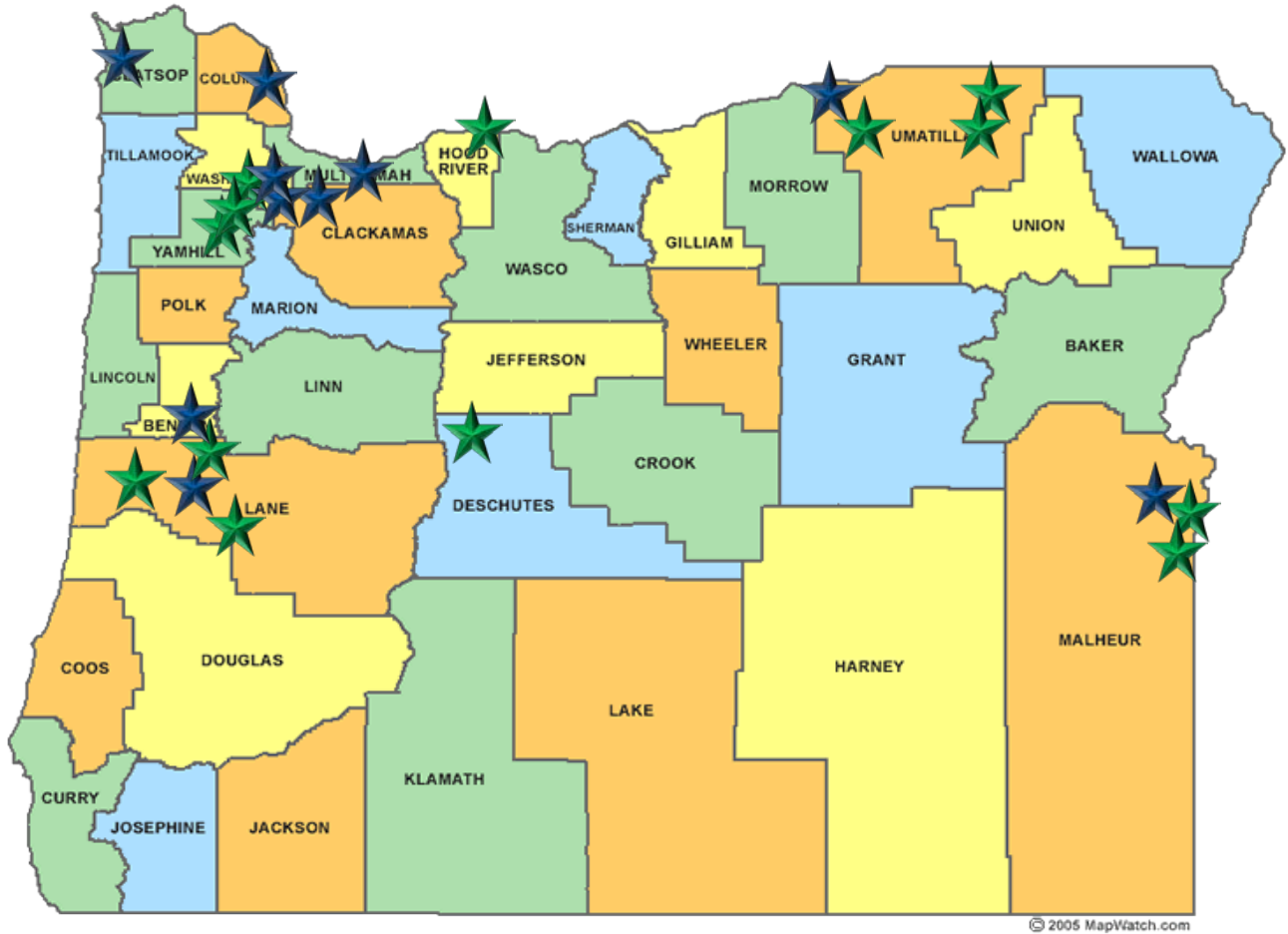
In addition to meeting the critical capital needs of our public schools and providing a safe learning environment for our children, these funds are also providing an important stimulus to our economy. We estimate that with the grants that have been awarded to date, there will be \$2.6 billion of statewide economic activity created.

Senate Bill 5505 proposes \$120.1 million of General Obligation bonds for Article XI-P for 2017-19. This will create approximately \$118 million of state matching grants, which based on the results of 2015-17 could result in an estimated \$2.6 billion in capital improvements for schools and \$3.7 billion in statewide economic activity.

ODE believes the investment proposed in Senate Bill 5505, as well as the 2017-19 Governor's Recommended Budget, provides benefits for OSD and our local school districts, and provides positive impacts to our local communities, our state economy, and most importantly, Oregon children. We request your support in the passage this bill and the investment outlined in our testimony.



### B2015-17 LEGISLATIVELY APPROVED BUDGET OSCIM GRANT RECIPIENTS



May 2016 November 2016

#### May 2016 Election Results

- 13 Commitments
- \$52,589,912 in commitments

#### November 2016 Election Results

- 10 Commitments
- \$42,218,542 in commitments

## **Office of Finance and Administration - Office of School Facilities**

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### **OSCIM Program to Date**

- 55% of districts that held a bond election successfully passed their bond
- 100% of the districts that passed their bond received a matching grant from the OSCIM Program
- 13.4% of all Oregon students have benefited from a matching grant from the OSCIM Program
- 15 districts with less than 2,500 students have received a matching grant
- 23 districts in total have received an OSCIM Program matching grant
- An estimated 34 new buildings will be built with OSCIM Program funds
- An estimated 41 projects involving safety, security, and seismic upgrades will be completed with the help of OSCIM Program funds
- 105 projects are estimated to be completed with the help of OSCIM Program funds
- \$94,808,454 has been matched through the OSCIM Program
- \$1,703,278,326 in local bonds have been raised by districts with an OSCIM Program matching grant in two elections
- \$2,607,225,830 is the estimated total amount of economic activity that will be generated by the OSCIM program