2022

Report of the State Debt Policy Advisory Commission

Commission Report

January 18, 2022

State Debt Policy Advisory Commission Members

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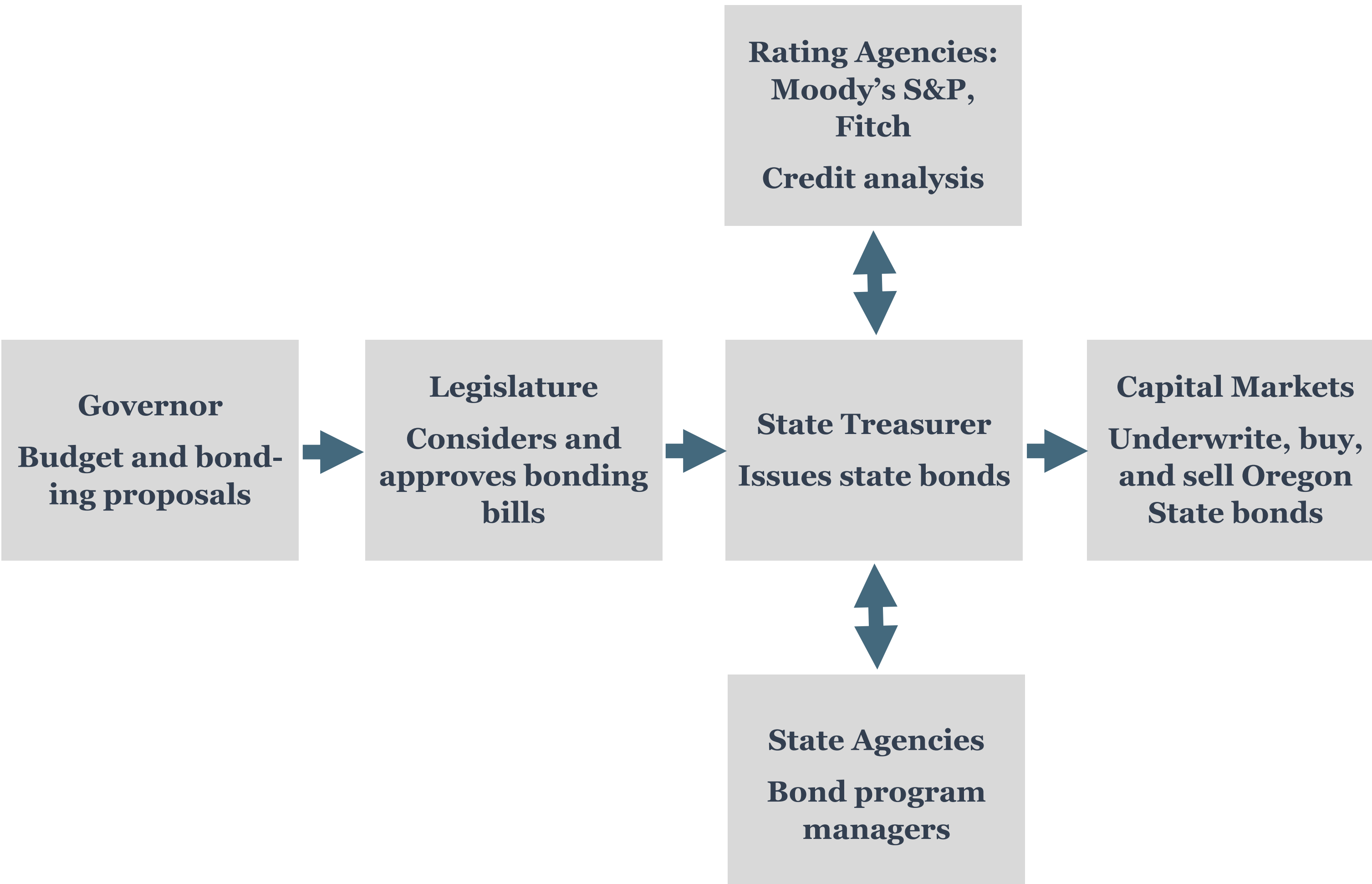
Oregon Bonding Process



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**STATE DEBT POLICY
ADVISORY COMMISSION**

January 18, 2022

Governor Brown and Members of the 2022 Oregon Legislature:

I am pleased to provide you with the *2022 Commission Report* from the State Debt Policy Advisory Commission (the "Commission"). The Commission serves to advise the Governor and Legislature on policies related to State debt and long-term capital financing. This report intends to provide you with an overview of the State's long-term bonding capacity and to highlight emerging policy issues of concern related to the State's debt.

The State entered the global pandemic in a strong fiscal position. The pandemic, however, also highlighted weaknesses and disparities that have had a disproportionate impact on our most vulnerable and underserved communities. Over the long-term, our resilience will be determined by continued stewardship of existing resources, sound investments in critical infrastructure and economic development projects, our commitment to environmental, social and governance (ESG) practices, and strategic initiatives to enhance long term resilience and a strong foundation for future generations.

This 2022 Commission Report evaluates the State's bonding capacity using the results of the December 2021 Oregon Economic and Revenue Forecast (the "December 2021 Forecast"), compiled by the Department of Administrative Services Office of Economic Analysis (OEA) and released on November 17, 2021. This analysis also incorporates market financing factors and subsequent events that impact revenues of the State to provide you with an overview of the State's debt capacity and the impact of bond authorizations by the 2021 Legislature.

- The 2021 Legislature's authorized the issuance of $1.67 billion of General Fund-Supported debt for the 2021-23 Biennium, was determined in part by the Commission's recommended capacity of $1.62 billion using the March 2021 Forecast plus $108 million that was authorized but unused in the 2019-21 Biennium, for an aggregate $1.73 billion of General Fund capacity for the 2021-23 Biennium. The December 2021 Forecast projects higher General Fund revenues that fully supports the issuance of the $1.67 billion authorized by the 2021 Legislature. We note that $621 million is scheduled to be issued in fiscal year (FY) 2022, and the remaining $1.02 billion of authorization on track to be issued by the end of FY 2023. Further, using the December 2021 Forecast, our models indicate that General Fund revenues can support an additional $7.6 billion over the forecast, inclusive of the $54 million of available debt capacity during the current biennium. On average, the forecast supports $1.9 billion in General Fund debt capacity in each of the next four biennia commencing with the 2023-25 Biennium through the 2029-31 Biennium, for a total of $7.6 billion, while remaining within our overall debt capacity target of 5% of General Fund-Supported debt service to General Fund revenue.

- The State's efforts to curtail the spread of the pandemic resulted in closure of gaming and other facilities, which had the effect of significantly reducing Lottery Revenue during the 2019-21 Biennium. The reduction in Lottery Revenues together with Lottery Revenue Bond (LRB) indenture covenants limiting Lottery Revenue Bond debt service to 25% of Net Lottery Proceeds resulted in the existing debt service exceeding this threshold and the inability of the State to issue any of the $247 million of Lottery Revenue Bonds authorized by the 2019 and 2020 Legislatures. Since reopening of gaming facilities in February 2021, Lottery Revenue has rebounded, and surpassed pre-pandemic forecasted levels. With improved projections in the March 2021 Forecast, the Commission recommended $515 million for the 2021-23 Biennium, of which the 2021 Legislature authorized $492 million leaving $23 million of current biennium available capacity. The December 2021 Forecast indicates that Lottery Revenues continues to show strong rebound due to containment of COVID-19 spread, vaccination trends, strong personal income, and pent-up demand for gaming. The December 2021 Forecast of Lottery Revenue fully supports the issuance of the authorized $492 million and remaining available current biennium capacity of $23 million. Additionally, using the December 2021 Forecast, Lottery Revenue debt capacity is projected at $560 million for each of the next four biennia, totaling $2.3 billion commencing with the 2023-25 Biennium through the 2029-31 Biennium.

Our State's strong financial management practices, including prudent management of debt, history of balanced budgets, and strong budgetary reserves, have resulted in the State achieving ratings of AA+/Aa1/AA+ by Standard & Poor's, Moody's Investors Service, and Fitch Ratings respectively for the State's General Obligation Bonds. Our Lottery Revenue bond program retained its ratings of AAA and Aa2 by Standard & Poor's and Moody's Investors Service respectively. In addition, the State has benefitted from record low interest rates that have allowed us to achieve significant savings on capital improvements and refunding of outstanding bonds with lower cost debt.

Oregon is well served by maintaining our long-standing commitment to fiscal discipline in the authorization and issuance of State bonds. The 2021 Legislature authorized significant funding for disaster preparedness, human services, affordable housing, and broadband infrastructure to link all Oregonians to the global community. Ensuring that each Oregonian receives a quality education, a safe place to live, and the opportunity to work are of paramount importance to the long-term economic sustainability of the State. Debt is a powerful tool that can enhance the State's economic development, improve our public institutions, and build the capacity for future generations to compete and flourish.

As you make decisions critical to Oregon's long-term financial health, please consider the Commission and its staff as a resource available to you at any time.

Sincerely,

Tobias Read, State Treasurer
Chair, State Debt Policy Advisory Commission

2022 STATE DEBT POLICY ADVISORY COMMISSION REPORT: EXECUTIVE SUMMARY

Oregon Revised Statutes 286A.250 to 286A.255 establishes the State Debt Policy Advisory Commission. In accordance with these statutes, the five-member Commission is chaired by the State Treasurer and consists of a public member appointed by the Governor, an appointee from the Senate, an appointee from the House of Representatives, and the Director of the Department of Administrative Services. The Commission is charged with advising the Governor and the Legislative Assembly regarding policies and actions that will enhance and preserve the State's credit rating and maintain the future availability of low-cost capital financing. In carrying out this function, the Commission is required to prepare an annual report to the Governor and the Legislative Assembly as to the available debt capacity of the State of Oregon.

For the 2021-23 Biennium, the Commission's *2021 Commission Report* was published January 5, 2021. Due to the unprecedented nature of the COVID-19 pandemic and the uncertainty of the rollout of measures to curtail the spread of the virus, State revenues fluctuated and were difficult to predict. In addition, the Federal Government instituted numerous fiscal measures that infused revenues, offsetting the revenue declines at the state level. Due to these factors, the Commission revised its debt capacity projections in a presentation report to the Joint Ways and Means Committee on April 2, 2021, entitled *State Debt Policy Advisory Commission 2021 Findings Report (Updated with March 2021 OEA Forecast)*, which incorporated the March 2021 Economic and Revenue Forecast containing General Fund and Lottery Revenue projections for the 2021-23 Biennium and the future years in the forecast period.

This *2022 Commission Report* is intended to provide a comprehensive overview of the State's current debt position, taking into consideration the State's outstanding debt as of fiscal year ending June 30, 2021; the most recent long-term revenue projections contained in OEA's December 2021 Forecast and the impact of bonding authorizations adopted by in SB 5505 by the 2021 Legislature (2021-23 Biennium Bond Bill); and additional current biennium debt capacity that was not authorized in the 2021-23 Biennium Bond Bill. This report will also consider the continuing economic impact on State revenues arising from measures applied to address the COVID-19 pandemic and wildfires.

This report evaluates debt capacity and debt burden for State bonding programs in four major categories: General Fund-Supported Debt, Lottery Revenue Bond Debt, Net Tax-Supported Debt, and non-tax supported debt.

The Commission's findings are briefly outlined below and discussed in detail in the report itself.

COVID-19

The global outbreak of the novel coronavirus COVID-19, declared to be a global pandemic by the World Health Organization on March 11, 2020, is ongoing, and the duration and severity of the pandemic and related public health emergency are uncertain. In response to the COVID-19 pandemic, Oregon, like other state and local government authorities, implemented, and revised from time-to-time, restrictions on mass gatherings and widespread closings and modifications of the operations of government, businesses, universities, and schools. Many of these restrictions were eased or lifted in late Spring and early Summer 2021. In response to the emergence of

COVID-19 variants, which have resulted in increases in infection rates and hospitalizations, statewide restrictions on businesses and other activities continue to evolve.

In December 2020, two vaccines were approved for emergency use in the United States and vaccinations began in the State. A third vaccine was approved for emergency use in February 2021. According to the Oregon Health Authority COVID-19 Vaccination Metrics, as of December 10, 2021, 73.3% of people ages 18 and over living in Oregon have completed the primary series of COVID-19 vaccinations, and 25.2% have received an extra dose of a COVID-19 vaccine[1].

Throughout the pandemic, the Federal government and the Federal Reserve Board have enacted legislation, policy actions, and other measures to provide fiscal stimulus and broad support to mitigate the disruptive effects of the COVID-19 pandemic. The following Federal stimulus programs provided significant available funds to the State and its residents including:

- The Families First Coronavirus Response Act of March 2020 expanded Medicaid, Supplemental Nutrition, and other benefits early in the pandemic
- The Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") established a $150 billion Coronavirus Relief Fund ("CRF") which, among other things, provided financial assistance to states and local governments. Oregon received a total of $1.635 billion of CRF dollars, and after the direct allocations to eligible local government jurisdictions, the State received a direct allocation of $1.389 billion. The CARES Act made available direct allocations from the Federal government to the State as well as local governments with expanded unemployment benefits and funds for human services.
- The Consolidated Appropriations Act of 2021 (December 2020) extended benefits under the CARES Act.
- The American Rescue Plan Act ("RPA"), signed into law in March 2021, provided significant financial support to states, local governments and established the Capital Projects Fund for use of ARPA funds. ARPA also established both the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds program. Under ARPA, monies designated for states were sent directly to each state government. Generally, monies were allocated to states and local governments directly. For some smaller jurisdictions with populations under 50,000 people, monies were sent to state governments that served as pass-through entities for disbursement of those amounts to the smaller jurisdictions. Oregon was allocated a total of $4.3 billion of ARPA funds consisting of approximately: $2.6 billion of Coronavirus State Fiscal Recovery Funds; $819.2 million of Coronavirus Local Fiscal Recovery Funds for Oregon counties; $436.9 million of Coronavirus Local Fiscal Recovery Funds for metropolitan cities; $248.4 million of Coronavirus Local Fiscal Recovery Funds for smaller jurisdictions; and $156.8 million of Capital Projects Funds. The 2021-23 Biennium budget appropriated $2.2 billion of its Coronavirus State Fiscal Recovery Funds and $453 million remain available for future budget allocation.

[1] Source: Oregon Health Authority-
https://public.tableau.com/app/profile/oregon.health.authority.covid.19/viz/OregonCOVID-19VaccineEffortMetrics/StatewideProgress

Financial Impacts of COVID-19 on Lottery Proceeds and Lottery Revenue Bonds

Lottery Revenue has rebounded significantly since reopening of gaming and other gathering facilities in February 2021. Due to the closure of facilities during certain periods in the 2019-21 Biennium, Lottery Revenue was significantly lower than originally forecasted in the OEA 2019 COS Economic and Revenue Forecast (2019 COS Forecast). This reduction in 2019-21 Biennium Lottery Revenue resulted in the Lottery Revenue that was insufficient to meet the debt service coverage requirements under the Lottery Revenue Bond Indenture and therefore precluded the State from issuing any of its authorized Lottery Revenue Bonds in FY 2021.

Since reopening of facilities commencing in February 2021, Lottery Revenue experienced a strong rebound. Using the March 2021 OEA Economic and Revenue Forecast (the March 2021 Forecast), the Commission presented an update of the 2021 SDPAC Report in the form of a presentation to the Joint Ways and Means Committee on April 2, 2021, using the forecasted Lottery Revenue contained in the March 2021 Forecast, which showed Lottery Revenue Bond debt capacity of $515 million for the 2021-23 Biennium and each of the next four biennium during the forecast period. The 2021 Legislature adopted the March 2021 Forecast results and the resultant debt capacity recommendation of the Commission and authorized the issuance of $492 million of Lottery Revenue Bonds for the 2021-23 Biennium.

The December 2021 Forecast projects $888.3 million for FY 2022, $834.1 million for FY 2023 for a total of $1.72 billion of Lottery Revenue for the 2021-23 Biennium, an increase of approximately $210 million or 13.9% from the $1.51 billion contained in OEA's December 2020 Economic and Revenue Forecast released during the midst of the pandemic. The December 2021 Forecast also demonstrate that Lottery Revenue projected for the 2021-23 Biennium and each biennium through FY 2029-31 are above the 2019 Close of Session Forecast as well as the March 2021 Forecast.

While Lottery Revenue has shown strong resilience, it has also highlighted the sensitivity of gaming to health or other threats that could result in closure of facilities as well as the high concentration risk of Lottery Revenue to video lottery terminals. The State's Lottery Revenue Bond Indenture provides that proposed new money LRBs may not be issued if the total debt service on existing and new bonds is greater than 25% of Net Unobligated Lottery Proceeds. This strong indenture feature is conservative and has served the State well. During unprecedented times with statewide closure and video gaming facilities, the bond structuring features permitted the State to retain its LRB credit ratings of Aa2 / AAA from Moody's and S&P, respectively. With these strong ratings and a low interest rate environment, the State was able to sell refunding Lottery Revenue Bonds in April 2021 that generated significant present value savings for the State.

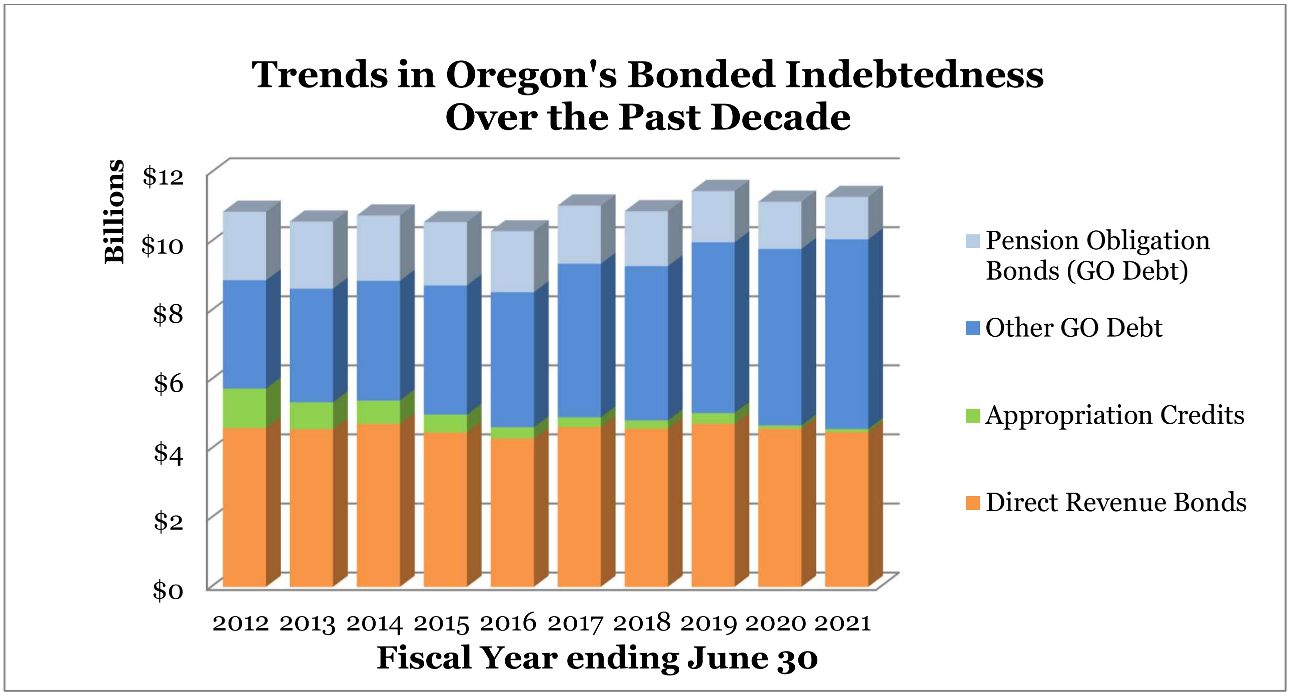
Overall State Debt Levels

Oregon's combined long-term general obligation, appropriation and revenue bond debt outstanding was $11.29 billion as of June 30, 2021.[1] This represents an increase of $142 million compared to the approximate $11.15 billion recorded at the end of the 2020 fiscal year.

The following chart displays the 10-year trend in overall State indebtedness. While overall State debt levels have not increased much since FY 2012, the mix of debt outstanding has shifted, with the reduction in outstanding appropriation debt replaced with lower cost general obligation bonds.

[1] Excludes conduit or "pass through" revenue bonds.

Given the State's long-term commitment to managing its debt capacity in a prudent manner, new debt issuances have been timed for issuance at roughly the same pace and amounts that existing debt has been scheduled for retirement. This includes the approximately $2.0 billion in pension obligation bonds issued in 2003 to, in part, address the Public Employee Retirement System (PERS) unfunded liability, and which are scheduled to fully amortize by FY 2027.



General Fund-Supported Debt

The total outstanding State General Fund-Supported debt was $4.3 billion as of June 30, 2021. This amount is expected to increase to $4.9 billion by June 30, 2022, and $5.4 billion by June 30, 2023, assuming the retirement of approximately $610 million in existing debt in the 2021-23 Biennium and the issuance of $1.67 billion in new General Fund-supported debt, as authorized in the 2021-2023 Biennium Bond Bill. Based on the December 2021 Forecast and the planned timing of authorized bond sales, we project that debt service as a percentage of General Fund revenue will approximate 4.5% in FY 2023, which is well within the Commission's General Fund-supported debt capacity target of 5.0%

Using this maximum target debt ratio of 5.0% going forward, the Commission estimates the State has approximately $7.65 billion in additional General Fund-supported debt capacity over the next four biennia in addition to the $1.67 billion in General Fund-supported debt already authorized for sale in this biennium.

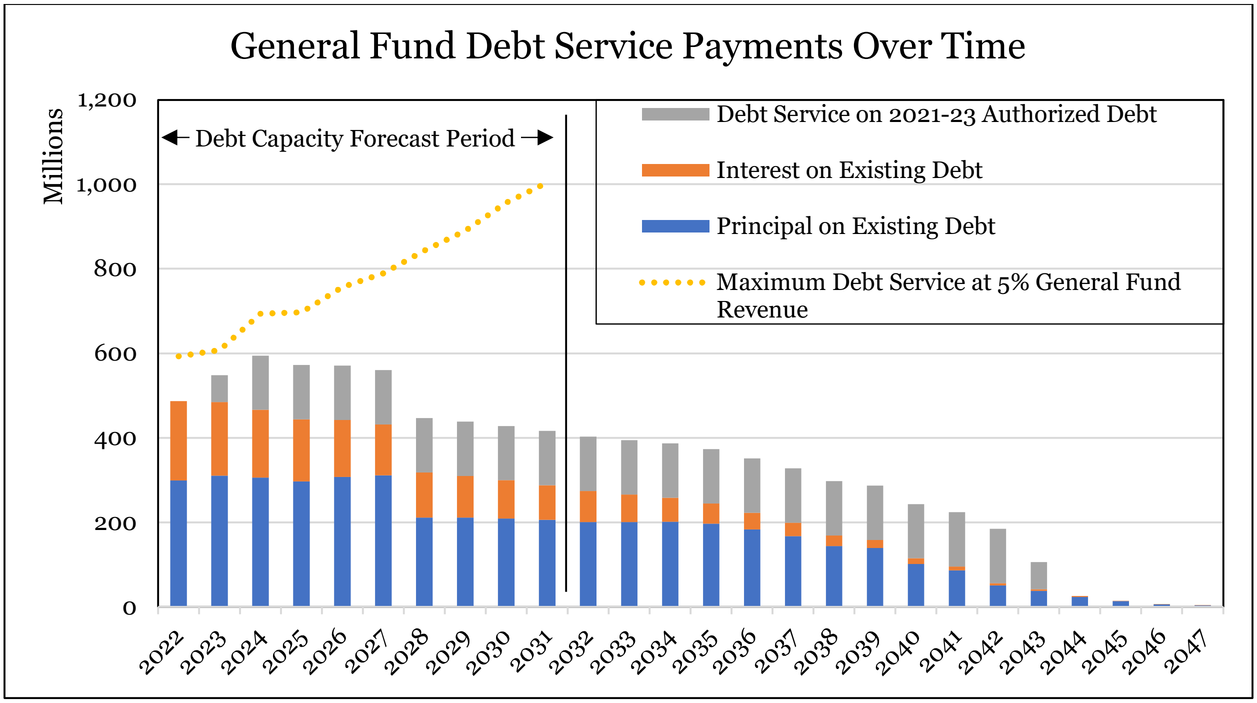
Historically, the Commission has recommended that the State spread out its future General Fund debt capacity over time, which would result in a maximum of $949.1 million each year or $1.90 billion for each biennium during the forecast period commencing with the 2023-25 Biennium. This "averaging" approach has served the State well over the years, as it has helped to mitigate the impact of fluctuations in the State's revenues and long-term interest rates, which together can significantly alter the State's long-term debt capacity. The averaging approach allows for more consistent long-term capital planning and budgeting. The following table illustrates the General Fund debt capacity over the next four biennia.

Projected Debt Capacity for
General Fund-Supported Debt Programs*
($ Millions)

Fiscal Year Ending June 30	Maximum Annual Amount of Debt Issuance within 5% Target Capacity	GF Debt Service as a % of General Fund Revenues	SDPAC's Recommended Maximum Annual Amount of Debt Issuance	GF Debt Service as a % of General Fund Revenues
2023	54.1	5.0%	54.1	4.5%
2024	1,243.7	5.0%	949.1	4.8%
2025	327.3	5.0%	949.1	5.2%
2026	805.2	5.0%	949.1	5.2%
2027	560.9	5.0%	949.1	5.4%
2028	2,176.1	5.0%	949.1	4.8%
2029	714.4	5.0%	949.1	4.9%
2030	997.4	5.0%	949.1	4.9%
2031	768.1	5.0%	949.1	5.0%
Total	**$7,647.1**		**$7,647.1**	

* Assumes the issuance of $1.67 billion in General Fund-Supported bonds authorized by the 2021-23 Biennium Bond Bill

The following graph illustrates the State's outstanding General Fund debt profile, which has higher debt service in the earlier years and declining debt service over time. Lower future debt service provides the State with the capacity to issue additional debt while remaining under its target debt service to General Fund revenue limit. The dotted line on the chart illustrates the growth in debt service if the State issues the maximum General Fund debt capacity over the forecast period. As also indicated in the graph, there is a considerable decline in debt service after FY 2027, which is when the final principal payment on the State's outstanding 2003 pension obligation bonds (POBs) will be made.



Lottery Revenue Bond Debt

Total Lottery Revenue Bonds outstanding was $1.0 billion as of June 30, 2021. The COVID-19 pandemic had a material impact on Lottery Revenue during the 2019-21 Biennium. Due to closure of gaming and gathering facilities over certain periods during the pandemic, Lottery Revenue declined to a level that resulted in Lottery Proceeds to Lottery Revenue Bond debt service of less the four times coverage required for issuance of additional new money Lottery Revenue Bonds. The covenants in the Lottery Revenue Bond Indenture require a minimum debt service coverage ratio of Unobligated Net Lottery Proceeds to Lottery Revenue Bond debt service of four times. As a result of the low coverage ratio, the State was not able to meet the Lottery Revenue Bond covenants to issue any of the $247 million of Lottery Revenue Bonds authorized by the 2019 and 2020 Legislatures during the 2019-21 Biennium. Therefore, no new Lottery Revenue projects were funded.

Low interest rates, however, provided the opportunity to refund outstanding Lottery Revenue Bonds in FY 2021 for present values savings of $15.9 million. Cash flow savings generated totaled $21.6 million, thereby improving debt capacity going forward beginning in the 2021-2023 Biennium. The Lottery Revenue Bond Indenture permits the refunding of outstanding bonds without meeting the general requirements for additional new money bonds, if the debt service on the refunding bonds does not, in any fiscal year, exceed the debt service on the refunded bonds by more than $5,000.

Since reopening of gaming and gathering facilities, commencing February 2021, Lottery Revenue has shown strong rebound. Further, the data shows that if facilities are open, Lottery Revenue has a strong propensity to rebound, as video lottery comprise a significant portion of Lottery Revenue.

The December 2021 Forecast projects that Lottery Revenue is higher in each year of the forecast period than was provided in the 2019 COS Forecast, and the March 2021 Forecast, which was used to formulate the Commission's 2021-23 recommended capacity of $515 million for each biennium over the forecast period.

Based on the December 2021 Forecast, the Commission projects that Lottery Revenue is sufficient to provide approximately $2.3 billion in Lottery Revenue bond capacity over the next four biennia, or $560 million average for each biennium in the forecast period (FY 2023 through FY 2031), including the funding of the $23 million of available unauthorized capacity in the current biennium.

The following table provide details of Lottery Revenue debt capacity over the next four biennia using the December 2021 Forecast.

Projected Debt Capacity for
Lottery Revenue Bond Program
Using December 2021 Forecast*
($ Millions)

Fiscal Year Ending June 30	Maximum Annual Amount of Debt That Can be Issued within Debt Service Coverage Requirements	Debt Ratio Coverage (Times)	Debt Service as a % of Lottery Revenue	SDPAC's Recommended Maximum Annual Amount of Debt That Should Be Issued	Debt Ratio Coverage (Times)	Debt Service as a % of Lottery Revenue
2023	23.2	4.0	25%	23.2	5.5	18%
2024	632.4	4.0	25%	280.0	4.6	22%
2025	115.4	4.0	25%	280.0	4.3	23%
2026	124.3	4.0	25%	280.0	4.0	25%
2027	176.4	4.0	25%	280.0	3.9	26%
2028	383.4	4.0	25%	280.0	4.0	25%
2029	276.2	4.0	25%	280.0	4.0	25%
2030	293.0	4.0	25%	280.0	4.0	25%
2031	238.7	4.0	25%	280.0	4.0	25%
Total	**2,262.9**			**2,262.9**		

*Assumes issuance of $492.4 million of the 2021-2023 Biennial Bonding Authorization
Numbers may not sum due to rounding.

Other Lottery Revenue Considerations

The Commission cautions that Lottery Revenue is a scarce resource and has demonstrated high volatility, particularly with respect to video gaming. In addition to funding Lottery Revenue Bond debt service, net Lottery Revenue funds are critical to educational and economic development programs throughout the State, including funding of the Education Stability Fund. Further, ORS 461 Section 44 through 45, enacted in 2019 allocate proceeds from Sports Betting to reduce the State's portion of Oregon Public Employees Retirement System (PERS unfunded actuarial liability (UAL) and stabilize the State's PERS employer contribution levels. Lottery Revenue is pledged and applied *a priori* to repayment of Lottery Revenue Bond debt service annually and is not available for other purposes until after Lottery Revenue Bond debt service requirement is satisfied. Further, no superior liens can be placed ahead of Lottery Revenue Bond debt service until these bonds are repaid in full.

Therefore, the Commission recommends that the Legislature and Governor continue to direct the use of Lottery bond proceeds to the most critical State projects so that sufficient Lottery Revenue continues to be available to fund the on-going operations of various State programs that rely on Lottery funding. The Education Stability Fund is one of two Reserves maintained by the State and which is available to be used to stabilize funding of critical educational programs, as demonstrated during the pandemic.

Net Tax-Supported Debt

As a geographically large state with an extensive highway network and a growing population, Oregon has issued Highway User Tax, Lottery Revenue, and General Obligation bonds to address deferred maintenance and critical building and infrastructure needs around the State. In addition, the State issued approximately $2.1 billion in pension obligation bonds in 2003 to address its unfunded PERS liability.

Net Tax-Supported Debt (NTSD) includes General Fund-Supported debt, Pension Obligation Bonds, Certificates of Participation (COPS) and other appropriations debt, Lottery Revenue Bonds and State Highway User Tax Revenue Bonds, as determined by the rating agencies in their evaluation of the State's overall debt burden.

At the end of FY 2021, Oregon's outstanding NTSD was roughly $8.83 billion. By the end of FY 2023, this amount is projected to increase by $2 billion to $10.82 billion, as existing NTSD is retired and new General Obligation, Highway User Tax and Lottery Revenue bonds authorized by the 2021-23 Biennium Bond Bill are sold to investors. This will increase the State's debt per capita ratio and debt as a percentage of personal income.

Oregon's NTSD of $1,966 as of FY 2020 is above the median of $1,039 for all states on a per capita basis and the State's NTSD as a percent of personal income in FY 2020 was 3.5% relative to the 1.9% median for all states as reported by Moody's investor services in its June 2021 report: *Moody's – Median's – State debt rose 2.5% in 2020, spurred by pandemic-linked borrowing.*

State of Oregon
Net Tax-Supported Debt Ratios
(Change from End of Last Biennium)

Fiscal Year Ending June 30th				
	FY 2020 (Actual)	FY 2021 (Actual)	FY 2022 (Projected)	FY 2023 (Projected)
Net Tax-Supported Debt ($bn)	$8.39	$8.83	$9.87	$10.82
Population*	4,268,055	4,266,560	4,296,800	4,331,100
Personal Income * ($bn)	$238.30	$254.90	$256.60	$270.90
NTSD Per Capita	$1,966	$2,069	$2,296	$2,499
NTSD as a % of Personal Income	3.52%	3.46%	3.84%	4.00%
Pension Obligation Bonds Excluded				
NTSD Per Capita	$1,645	$1,781	$2,046	$2,290
NTSD as a % of Personal Income	2.95%	2.98%	3.43%	3.66%

*Source: Oregon Office of Economic Analysis, December 2021 Economic and Revenue Forecast

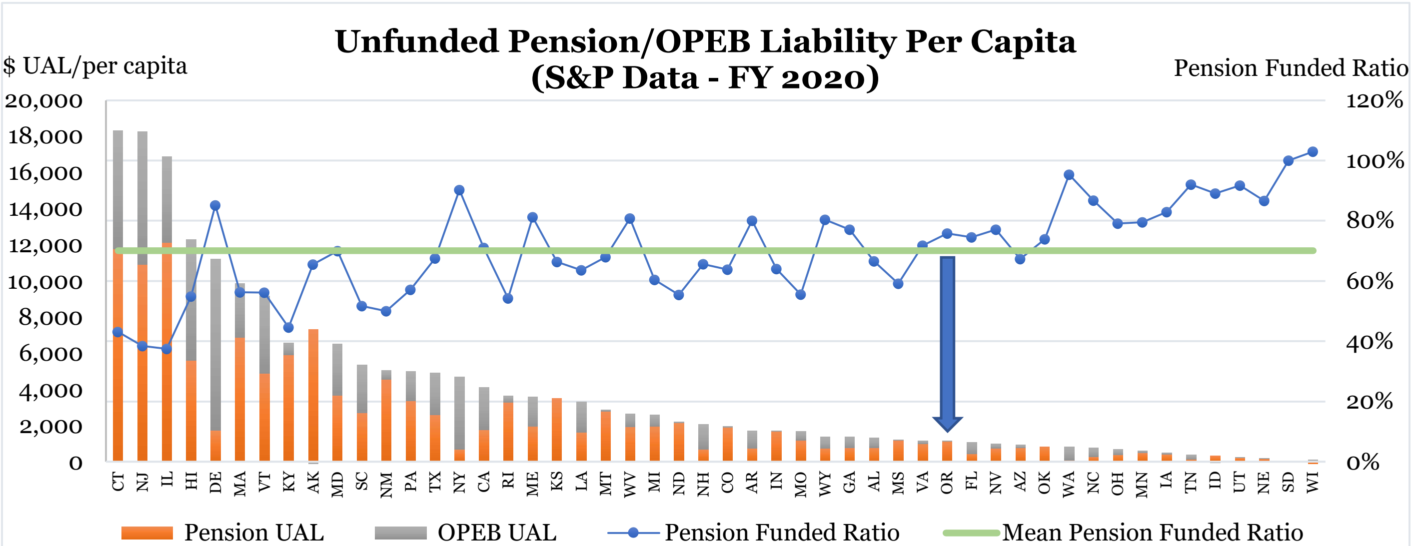
The bond rating agencies typically calculate total NTSD both with and without pension obligation bonds. Consequently, states that issue POBs are not overly penalized when compared to other states with a relatively low debt burden but have sizable unfunded pension liabilities. When pension obligation bonds are excluded from this NTSD calculation, our projected FY 2023 debt burden increases to $2,290 per capita and 3.66% of personal income.

In recent years, the national rating agencies have placed more emphasis on states' overall balance sheet liability, which includes public Net Tax-Supported debt as well as unfunded actuarial pension and other post-employment benefits (OPEB) liability. The following table adds the State's unfunded pension and OPEB liability to Net Tax-Supported debt over the last several years.

Oregon Balance Sheet Liability Ratios (NTSD and Unfunded Liability)			
$ billion	FY 2019	FY 2020	FY 2021
Net Tax Supported Debt ($Bn)	$8.70	$8.39	$8.83
State Net Pension & OPEB Liability[1] ($Bn)	6.26	5.86	7.17
Total Balance Liability ($Bn)	$14.96	$14.25	$16.00
Population	4,236,400	4,268,055	4,266,560
Balance Sheet Liability Per Capita	$3,532	$3,338	$3,750
Personal Income ($Bn)	$224.30	$238.30	$254.90
Balance Sheet Liability - % of Personal Income	6.67%	5.98%	6.28%
Gross State Product ("GSP")	$241.98	$227.09[2]	$264.11[2]
Balance Sheet Liability - % of GSP	6.18%	6.27%	6.06%

[1]Pension data represents the calendar year preceding the close of Fiscal Year
[2]Bureau of Economic Analysis data as of Q2 2020 and Q2 2021, published December 2021

The following chart illustrates comparative unfunded pension and OPEB obligations for each of the 50 states as reported by Standard & Poor's (S&P) in its September 20, 2021, report: *U.S States Weigh Risk Reduction In Managing Pension And OPEB Liabilities* using FY 2020 data. As shown below, Oregon has a low per capita unfunded pension and OPEB obligations when compared to many states. Further, it demonstrates that Oregon's pension funded status is above the mean funding level for all states and that Oregon's pension funding burden is low in comparison to other states.



Source: S&P September 20, 2021, report: *U.S. States Weigh Risk Reduction In Managing Pension And OPEB Liabilities*

PERS Funding Policy Changes

At its October 1, 2021, meeting, the PERS Board approved revisions to assumptions and rate-setting methodologies that will be used for actuarial valuations as of December 31, 2020 (advisory only) and December 31, 2021 (rate setting for the 2023-2025 Biennium), including a reduction to the assumed rate of investment return by 0.30 percent from 7.20% to 6.90%. According to the 2020 System Valuation Report, the change in assumed rate, along with certain other changes, is estimated to increase the System-wide unfunded actuarial liability by approximately $3.4 billion and to increase the average collared net employer contribution rates, on a systemwide basis, by approximately 3.41%. The PERS Board at its October 2021 meeting also approved changes to the assumed rate of payroll growth and the rate collar methodology. The December 2021 rate setting meeting will apply the changes in the assumed rate of return to the December 31, 2020, valuation assets to derive employer contribution rates that will go into effect in the 2023-2025 Biennium.

Funding of Wildfires: Remediation and Prevention

The State continues to experience the unpredictable effects of climate change. Severe drought conditions and extraordinary heat waves have fueled fires throughout the State, including, among other wildfire events, the 2020 Labor Day Fires, which burned over 1.2 million acres statewide, and, beginning July 6, 2021, the Bootleg Fire, which burned almost 414,000 acres of land in the Fremont-Winema National Forest in Klamath County.

The State is managing the costs of firefighting through various resources, which vary depending on the severity of the fire and the responsible parties based on the location of the fire. Some fires, including both the 2020 Labor Day Fires and the Bootleg Fire, are declared a federal emergency, which permits the use of FEMA funds to combat the fire and provide additional funds for wildfire hazard mitigation. The total net cost of the 2021 fire season for emergency firefighting, after taking into consideration anticipated reimbursements, is not expected to be a significant cost to the General Fund, particularly since the majority of the Bootleg Fire was on federal land. However, the cumulative net cost of the 2021 wildfires is expected to reach the threshold for using resources provided through the State's fire insurance policy.

As part of the State's response to the 2020 Labor Day Fires, multiple pieces of legislation have been enacted to allocate approximately $484 million from the General Fund, proceeds of Lottery Revenue Bonds, and ARPA funds to aid wildfire recovery and prevention efforts, provide support to communities impacted by the 2020 Labor Day Fires, and protect against future fires. These legislative actions include funds for various recovery and rebuilding efforts related to water infrastructure, housing support, fire and public safety infrastructure, hazardous waste and debris removal, and more.

In addition, in 2021 the Legislative Assembly approved a special purpose appropriation of $150 million to the Emergency Board for allocation for the State's natural disaster prevention, preparedness, response, and recovery activities. To access any of this special purpose appropriation, State agencies would need to formally request use of these General Fund resources from the Emergency Board during the 2021-23 Biennium. Also, legislation was enacted to provide approximately $220 million for implementing a comprehensive statewide strategy to promote wildfire risk reduction, response, and recovery.

Funding of Deferred Maintenance for State Facilities

Oregon Department of Administrative Services (DAS), pursuant to ORS 276.227, is charged with establishing a statewide planning process that evaluates the needs of the State's facilities and provides comparative information on the condition of such facilities. The State of Oregon has current and future capital needs related to maintaining aging, State-owned facilities, the mean age of which is 40 years. The State-owned facility portfolio, including public university facilities, is approximately 40 million gross square feet (MGSF) located in over 5,100 buildings. Excluding public university facilities, State executive branch agencies are housed in 23 MGSF of this space in approximately 4,700 facilities valued at approximately $8 billion. Delaying the funding of ongoing maintenance, repairs, and timely system replacements to the point that major renovations are required to maintain safe and adequate usage will cost significantly more than if these facilities were maintained in a state of good repair.

Based on facility assessments conducted on approximately 75% of the State's agency-owned major buildings and campuses, the capital renewal and deferred maintenance needs for assessed buildings are estimated to cost over $1.2 billion within the next 10 years. To the extent agency operating budgets are not sufficient to address ordinary maintenance and repairs of State facilities, this unmet need will continue to put pressure on the State's limited debt capacity to catch up on deferred maintenance and capital renewal through extensive and expensive renovation projects. The 2021 State Legislature approved 2021-23 Biennium funding of deferred maintenance and capital improvements at approximately 6% of the estimated current replacement value of State buildings as of fiscal year 2020.

The State's ongoing requirements for office space may need to be re-evaluated over the next several years once state agencies develop a better understanding of how the COVID pandemic potentially shifts telecommuting habits in the future.

A long-term strategic capital plan published by the Higher Education Coordinating Commission recommends establishing a funding scheme for the deferred maintenance needs of public universities. The report notes that national higher education facility management "best practice" calls for investing at least 2.5% per year of the current replacement value in capital renewal of existing assets, which would translate into approximately $200 million per year.

Private Activity Bond Allocations

Each year, the Federal government allocates a limited amount of "private activity" tax-exempt financing authority to each state for their distribution to various qualified economic and community development projects. Historically, the State has allocated its private activity bond (PAB) volume cap primarily to affordable housing construction and rehabilitation, first time homebuyer mortgage programs, and a select number of solid-waste, port, and energy production projects around the state.

While Oregon has historically had an abundance of PAB volume cap allocation available for these purposes, there has been a sharp increase in the State's economic and construction activity and a commensurate growth in requests for PAB allocations for various economic development and affordable housing projects. In recognition of the need to accelerate the construction of affordable housing around the State, the 2019 Legislature doubled its previous annual allocations to the Oregon Housing and Community Services Department (OHCSD) in the 2019-21 Biennium Bond Bill and has maintained that level in the 2021-23 Biennium Bond Bill, which in turn reduced the annual amounts allocated to the PAB Committee. Growing demand for and statewide initiatives to expand the availability of affordable housing has exceeded the availability PAB volume cap for the foreseeable future. Consequently, obtaining future PAB allocations for local economic development and affordable housing projects through the PAB Committee will likely become a more challenging and competitive process, requiring careful thought and deliberation as to the highest, most efficient, and best use of this limited financial resource.

Timing of State Bond Sales

In addition to determining the specific projects that will be authorized for bonding in the biennial Bond Bill, the Legislature in recent years has also directed the specific timing of State bond sales by delaying the appropriation of debt service on State funded projects until the following biennium. As a result, the majority of State General Obligation and Lottery Revenue Bonds have been sold during the last few months of the biennium in which they were initially authorized. While this strategy may have been necessary from an overall State budget management perspective in the years following the Great Recession, it has not always resulted in the State being able to achieve optimal interest rates at the time of the sale of these bonds. The clustering of large dollar Oregon bond issues over a short timeframe floods the capital markets to the point where supply exceeds demand, which could result in the State offering bonds at higher interest rates than would otherwise be required to ensure final placement with investors.

The Commission recommends that the Legislature consider providing for a larger percentage of approved capital projects to be financed in the first year of the biennium. This approach would spread out the sale of State bonds in a more even fashion and allow for a better balance of supply and demand for our bonds across the entire biennium. Further, it enhances the State's ability to implement conservative interest cost averaging in its debt portfolio.

Conclusion

While the Commission projects increased debt capacity in the next several biennia, it notes that this long-term debt capacity remains modest compared to the wide range of potential new State and local capital projects, affordable housing, K-12 education, seismic and other building improvements, resiliency measures, information technology upgrades (including extending broadband connectivity throughout the State and protection against cyberattacks), and other State infrastructure needs. The Commission continues to recommend that the Legislature and Governor limit their bonding authorizations to only the highest priority essential State capital projects to maintain the State's strong credit ratings and overall healthy financial position.

The 2019-21 Biennium included risk factors critical to the State's long-term creditworthiness and economic sustainability. These factors include the effect of a worldwide pandemic, climate change, and socio-economic variables. This resulted in volatility of key revenue streams of the State, increased resources required for response, cleanup, and mitigation of wildfires, increased resources for health and education, and societal shifts in delivery of key benefits to citizens.

In contemplating debt as a tool, the Commission recommends consideration of variability in State financial resources and positioning of the State's resources to weather the impacts of unplanned catastrophic or financially disruptive events.

Building, maintaining, and improving reserves has the potential to enhance the State's liquidity position and improve budgetary stability and the State's ability to provide key services to its citizens on a consistent basis.

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I. BONDING IN OREGON

Historically, Oregon has operated under a biennial debt review and authorization process. Under that model, each individual bonding program receives specific legislative authorization and is managed by a state government agency. The Oregon State Treasury, as issuer of all State of Oregon bonds, is charged with the responsibility to centrally oversee all long-term debt programs. The State uses four primary types of long-term debt finance obligations: general obligation bonds (GOs), direct revenue bonds, appropriation credits, and conduit revenue bonds. General obligation bond authorized limits are normally expressed as a percentage of statewide value of taxable property. Revenue bonds and appropriation credits are usually limited by the Legislature to a specific dollar amount.

A brief explanation of the bond authorization and issuance process and the debt obligation types and associated State of Oregon bonding programs are provided below.

A. Authorization and Issuance Process

State Treasurer

The State Treasurer has been given responsibility and authority with respect to the sale and management of State bonds. The State Treasurer has assigned day-to-day responsibility for the coordinated issuance of all State obligations to the Debt Management Division of the Oregon State Treasury. The Division reviews the structure and security features of each bond and appropriation credit and recommends issuance to the State Treasurer. In addition, the Division coordinates the timing of the various agency bond sales, administers the issuance of bonds, secures credit ratings, prepares transcripts and other documents, provides for the delivery of bonds, assists with the signing and closing of bond issues, and coordinates the State's primary and secondary market disclosure responsibilities as required by regulations promulgated by the Security and Exchange Commission (SEC). In addition, Division staff provides advice to State agencies regarding market developments and makes debt policy and legislation recommendations to the State Treasurer.

Biennial Legislative Limitations

In addition to constitutional and statutory authorities and limitations, Oregon has historically followed a legislative practice of biennially approving bond volume limits. Prior to each biennium, the Governor's budget, in conjunction with advice from the State Treasurer, details program amounts recommended for bonding authority during the upcoming biennium. The budget recommendation considers requests by agencies for capital projects, as well as grant and loan program need. The Legislature then conducts a program-by-program review process and approves what it determines to be an appropriate level of issuance. Although this process has been successful, increasing demand for financing State capital needs necessitates a more comprehensive and longer-range approach to capital financing. The purpose of this report is to provide the Governor and the Legislature additional advice when considering and approving biennial bond volume limits, as well as to make recommendations the Commission believes would enhance the State's bond ratings and maintain access to low-cost capital financing.

B. State of Oregon Bonding Authorizations

General Obligation Bonds

General Obligation (GO) debt is secured by the full faith and credit of the participating issuer, for our purposes, the State of Oregon. Typically, GO debt necessitates constituency approval. In the State's case, each GO bond program was created by a constitutional amendment passed by state voters. Therefore, the People of the State have unconditionally pledged to pay debt service (i.e. principal and interest) payments, over the life of each GO bond issue. This means that barring the existence of other adequate repayment sources, all unrestricted public revenues must be used as needed to support debt service payments. This may include the levy of a statewide property tax if necessary and allowed by law.

Article XI, Section 7 of the Constitution provides the State with the general authority to issue GO debt. Currently, there are 18 constitutionally authorized GO bond programs.[1] While each of these programs has the potential for drawing on the State's General Fund or other taxing authority, many of the programs are fully self-supporting and are repaid from program revenues, gifts, grants, or other revenue streams.

The constitutionally authorized State of Oregon GO bond programs are listed below.[2]

- General Purpose Bonds – Article XI, Section 7
- State Highway Bonds – Article XI, Section 7
- Veterans Welfare Bonds – Article XI-A
- State Power Development Bonds – Article XI-D
- State Forest Rehabilitation Bonds – Article XI-E
- Higher Education Building Bonds – Article XI-F (1)
- Higher Education Facilities and Community College Bonds – Article XI-G[3]
- Pollution Control Bonds – Article XI-H
- Water Resources Bonds – Article XI-I (1)
- Elderly and Disabled Housing Bonds – Article XI-I (2)
- Alternate Energy Bonds – Article XI-J
- Oregon School Bond Guaranty Program – Article XI-K
- Oregon Opportunity Bonds – Article XI-L
- Seismic Rehabilitation of Public Education Buildings – Article XI-M

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[1] General Purpose bonds and State Highway bonds are both provided constitutional bonding authority by Article XI, Section 7. Likewise, Article XI-G provides constitutional bonding authority for both Higher Education bonds and Community College bonds.

[2] There is currently no outstanding general obligation debt related to State Power Development, State Forest Rehabilitation, Water Resources, and Oregon School Bond Guaranty Program.

[3] Higher Education Facilities GO bonds were historically issued by the Board of Higher Education, whereas Community College GO bonds were issued by the Board of Education. Higher Education and Community College bond issuance are combined and charged against the total debt authorized by the State Constitution Article XI-G.

- Seismic Rehabilitation of Emergency Services Buildings – Article XI-N
- Pension Obligation Bonds – Article XI-O
- Public School Facilities Bonds – Article XI-P
- State General Purpose Bonds – Article XI-Q

Direct Revenue Bonds

Unlike GO bonds, direct revenue program debt is not secured by the State's unlimited pledge to fund debt service with unrestricted public revenues or, where permitted, a statewide ad valorem property tax. Rather, funds to pay debt service are provided by a specific dedicated revenue stream, and normally program revenues are directly associated with the funded project(s). Further, revenue programs typically do not require a vote of Oregonians but must be authorized by the Legislative Assembly. The State Legislature holds the right to refer program approval to Oregon voters.

Oregon Revised Statutes provide for a variety of revenue bond programs. These programs are each considered fully self-supporting, and have no GO backing from the State. However, if program revenues were to become insufficient to support debt service payments, this does not preclude the State from providing a funding stream. Statutorily authorized direct revenue bond programs that are currently active are listed below.

- State Highway User Tax Bonds – ORS 367.620
- Oregon Transportation Infrastructure Fund Bonds – ORS 367.630[1]
- Lottery Revenue Bonds – ORS 286A.560 to 286A.585
- Oregon Bond Bank Revenue Bonds – ORS Chapter 285B.320 to 285B.371
- Single-Family and Multifamily Revenue Bonds – ORS 456.661

Conduit Revenue Bonds

Conduit revenue bonds are securities that are issued by a governmental unit to finance a project for a third party. Debt service payments are the obligation of the third-party borrower and do not constitute a GO debt of the State or the issuing governmental agency. Economic and industrial development revenue bonds are a common type of conduit revenue security.

The State has four authorized and active conduit or "pass-through" revenue bond programs:

- Oregon Facilities Authority (OFA) – ORS Chapter 289.200 to 289.240
- Industrial Development Revenue Bonds – ORS Chapter 285B.320 to 285B.371
- Housing Development Revenue Bonds – ORS 456.692
- Beginning & Expanding Farmer Loan Revenue Bonds – ORS Chapter 285A.420 to 285A.435

Under these programs, the State is considered the issuer, but has no obligation to pay debt service. Payments are made by the entities on whose behalf the bonds were issued.

[1] Various legislative bills have authorized the sale of Transportation Infrastructure Bonds; however, no bonds have been issued to date by this program.

Appropriation Credits

Similar to revenue program debt, appropriation credits are not secured by the State's unlimited pledge to fund debt service with unrestricted public revenues or, where permitted, a statewide ad valorem property tax. The State has historically used two types of appropriation credits:

- Appropriation Bonds – SB 856 – 2003 Legislature
- Certificates of Participation (COPs) – ORS 283.085

These credits are special limited obligations of the State payable solely from funds appropriated or otherwise made available by the State Legislative Assembly. The obligation of the State to provide appropriated moneys and to pay bond debt service is subject to future appropriation by the Legislature for the fiscal period in which payments are due. As with State direct revenue bond programs, appropriation credits do not require a vote of the people but must be authorized by the Legislative Assembly. In 2010, voters approved Constitutional amendment Article XI-Q, which authorizes the State to issue GO Bonds for various State-owned or operated office buildings, facilities and other capital projects. Rather than issuing higher cost appropriation debt, the State has elected to refund prior COPs with XI-Q bonds for savings. With the exception of the Certificate of Participation in 2019, which has outstanding principal of $95.7 million, all previously issued COPs have been redeemed and replaced with Article XI-Q bonds.

EXHIBIT I.1
State of Oregon Outstanding Long-Term Financial Obligations and Constitutional and Statutory Provisions
As of June 30, 2021

Program	Legal Provision	Constitutional Debt Limit %	Constitutional Debt Limit $	Debt (Principal) Outstanding	Constitutional Authorization Remaining
General Obligation Bonds					
General Purpose (4)	ARTICLE XIS EC 7		$50,000		$50,000
Transportation: State Highway	ARTICLE XIS EC 7	1.0000%	$7,567,567,045	$27,390,000	$7,540,077,045
Veterans' Welfare (5)	ARTICLE XI-A	8.0000%	$60,539,736,361	$322,160,000	$60,207,576,361
State Power Development	ARTICLE XI-D	1.5000%	$11,351,200,568		$11,351,200,568
Forest Rehabilitation	ARTICLE XI-E	0.1875%	$1,418,900,071		$1,418,900,071
Higher Education XI-F (5)	ARTICLE XI-F (1)	0.7500%	$5,675,600,284	$1,034,182,833	$4,641,417,451
Community College	ARTICLE XI-G			$229,300,000	
Higher Education XI-G (5)	ARTICLE XI-G	0.7500%	$5,675,600,284	$735,152,354	$4,711,147,930
Pollution Control (6)	ARTICLE XI-H	1.0000%	$7,567,467,045	$23,660,000	$7,543,807,045
Housing: Elderly & Disabled	ARTICLE XI-I (2) and ORS 456.519	0.5000%	$3,783,733,523	$27,260,000	$3,756,473,523
Alternate Energy Projects (6)	ARTICLE XI-J	0.5000%	$3,783,733,523	$107,956,000	$3,675,768,523
Oregon School Bond Guarantee	ARTICLE XI-K	0.5000%	$3,783,733,523		$3,783,733,523
Oregon Opportunity Bonds (OHSU)(7)	ARTICLE XI-L	0.5000%	$3,783,733,523	$36,620,000	$3,747,113,523
Seismic Rehab – Public Education Bldgs	ARTICLE XI-M	0.2000%	$1,513,493,409	$297,740,000	$1,215,753,409
Seismic Rehab – Emergency Service Bldgs	ARTICLE XI-N	0.2000%	$1,513,493,409	$65,330,000	$1,448,163,409
Pension Obligations (6)	ARTICLE XI-O	1.0000%	$7,567,467,045	$1,230,160,000	$6,337,307,045
School District Capital Costs	ARTICLE XI-P	0.5000%	$3,783,733,523	$262,320,000	$3,521,413,523
State Real or Personal Property	ARTICLE XI-Q	1.0000%	$7,567,467,045	$2,313,620,000	$5,253,847,045
				$6,722,860,187	
Direct Revenue Bonds					
Economic Development – Bond Bank	ORS 285B			$57,320,000	
Lottery Bond Program(s)	ORS 286A.560-585			$1,037,530,000	
Transportation Infrastructure Bank	ORS 367.030				
Transportation: Highway User Tax	ORS 367.620			$2,442,070,000	
Housing: Single & Multi-Family Programs	ORS 456.645 and ORS 456.661			$937,455,000	
				$4,474,375,000	
Appropriation Credits					
Certificates of Participation	ORS 283 & 286A			$95,670,000	
Oregon Appropriation Bonds	SB 856–2003 Legislature				
				$95,670,000	

The State of Oregon Office of the Treasurer maintains debt information to assist in debt related matters. The data is based on information obtained from sources believed to be reliable; however, its accuracy cannot be guaranteed. The Office of the State Treasurer does not independently verify information received. The State of Oregon is not responsible for the accuracy, completeness or timeliness of the information obtained and the data presented and disclaims any liability for or obligation to bond owners or others concerning the accuracy, completeness or timeliness of the data and information presented.

{1} Percentages listed are of Real Market Value (RMV) of all taxable real property in the state.
{2} Based on the January 1, 2020, Real Market Value (RMV) of $756,746,704,516. Authorization does not include inactive programs.
{3} Excludes refunded and defeased Bonds and Notes issued for less than 13 months.
{4} The State of Oregon may not incur indebtedness exceeding $50,000 without a constitutional amendment approved by the voters.
{5} Outstanding Department of Veterans' Affairs and State Board of Higher Education general obligation debt reflect the proceeds amount of original issue discounted and deferred interest bonds.
{6} The amount of General Fund debt service support will vary over time depending on the amortization and budgeted allocation of debt service on each bond, Department of Environmental Quality (DEQ) Pollution Control (Article XiH) debt is reported as 54% General Fund supported and 46% self-supporting. ORS 468.195 limits the amount of DEQ debt outstanding at anyone time to $260 million. Alternate General Fund Supported, 64% are paid from non-General Fund Sources. COP (ORS 283 & 286A) obligations are reported at 100% General Fund supported. State Realtor Personal Property (Article XI-Q) debt is reported as 93% General Fund supported and 6% self-supporting.
{7} Oregon Opportunity Bonds (OHSU) were authorized to finance capital costs of Oregon Health and Science University in an aggregate principal amount that produces net proceeds in an amount that does not exceed $200 million. Authorized debt may not exceed ½ of 1 percent RMV of all taxable real property in the State.

C. General Fund-Supported and Net Tax-Supported Debt

The municipal credit rating industry uses different measurements and indicators to evaluate a government's debt burden. Two of those measurements include *"General Fund- Supported debt"* and *"Net Tax-Supported debt."*

A significant proportion of the State's overall long-term debt obligations are fully self-supporting with the source of bond debt service payments coming from resources other than General Fund appropriations or other tax revenue. Bonding programs that do not require State appropriated General Fund support or other direct State tax revenue support would not be included in either General Fund or Net Tax-Supported debt measurements. However, in keeping with rating agency practice, some programs in which debt service payments are made with dedicated funds or special-tax revenue sources may still be viewed as General Fund or Net Tax-Supported debt depending on the interpretation of the funding source(s). Examples of bond programs that do not require State tax revenues or General Fund appropriations to pay debt service include the Veterans' Welfare GO bond housing program, the Single and Multifamily Housing revenue bond program and all conduit revenue bonds.

General Fund-Supported Debt is classified as long-term obligations whose debt service is paid primarily from General Fund appropriations made by the State Legislature. Examples include Higher Education Facility and Community College (Article XI-G) GO bonds, State Property Bonds (Article XI-Q) GO bonds, and Certificates of Participation (COPs).

Net Tax-Supported Debt is defined as all debt serviced by tax revenues of the State. This definition includes all General Fund-Supported debt and other long-term obligations supported by specific State taxes. Highway User Tax Revenue bonds are an example of long-term debt that is Net Tax-Supported, even though it does not pledge any General Fund appropriations towards repayment of the bonds. These bonds do not constitute a GO debt of the State but are instead payable solely from revenues received from highway user taxes. Furthermore, in accordance with the Oregon Constitution, highway user tax revenues must be used exclusively for public highways, roads, streets and rest areas of the State and the retirement of bonds for which such revenues have been pledged.

The four major national rating agencies, Fitch, Kroll, Moody's, and Standard & Poor's, differ somewhat in their assumptions and definitions of General Fund and Net Tax-Supported debt with respect to the State of Oregon. For purposes of this report, the Commission has chosen to follow the Moody's model in determining both General Fund and Net Tax-Supported debt. This decision was based primarily on Moody's historical gathering and publishing of key debt ratios for the fifty states, and the recognition of their annual state debt report as an accepted industry model.

As part of the development of this report, staff of the Office of the State Treasurer and the Department of Administrative Services periodically reviews all outstanding debt of the State with the goal of providing a more precise estimate of the amount of State debt that is actually supported by general fund revenues. Based on this review, the *2021 Legislative Report* adjusts downward the percentage of debt that is designated as General Fund-Supported in relation to the GO bonds issued by the State to fund pension obligations, COPs, and Article XI-Q GO bonds. The report also incorporates a portion of the self-supporting GO debt issued by the Department of Environmental Quality and the Oregon Department of Energy to the extent that General Fund dollars are appropriated biennially for the following two years of debt service on these programs.

Based on these adjustments, this report includes the debt of the following bond programs in its assumptions of General Fund-supported debt:

- State Highway Bonds (Article XI, Section 7)
- Higher Education Facility & Community College Bonds (Article XI-G)
- Pollution Control Bonds (Article XI-H) (54% of total program debt)
- Alternate Energy Bonds (Article XI-J) (40% of total program debt)
- Oregon Opportunity Bonds (Article XI-L)
- State Pension Obligation Bonds (Article XI-O) (36% of total program debt)
- Seismic Rehabilitation Bonds for Public Education Buildings (Article XI-M)
- Seismic Rehabilitation Bonds for Emergency Services Buildings (Article XI-N)
- Public Safety Buildings (Article XI-N)
- Public School Facility Bonds (Article XI-P)
- State General Purpose Bonds (Article XI-Q) (94% of total program debt)
- Certificate of Participation Obligations (ORS 283.085 to 283.092) (100% of total program debt)

Net Tax-Supported debt includes the above-listed General Fund-Supported programs in addition to the following:

- State Pension Obligation Bonds, State General Purpose Bonds, and Certificates of Participation
- Lottery Revenue Bonds (ORS 286A.560-585)
- Highway User Tax Revenue Bonds (ORS 367.620)

Exhibit I.2 below provides a comparison of General Fund-Supported debt, Net Tax-Supported debt, and total outstanding gross debt as of June 30, 2021.

SDPAC EXHIBIT I.2
State of Oregon
Comparison of Long-Term Debt Outstanding
As of June 30, 2021

Type & Purpose	Legal Provision	General Fund Supported Debt	Net Tax-Supported Debt	Total Gross Debt Outstanding
General Obligation				
General Fund Supported				
General Purpose	ARTICLE XI SEC 7	$ -	$ -	$ -
State Highway	ARTICLE XI SEC 7	27,390,000	27,390,000	27,390,000
Community College Bonds	ARTICLE XI-G	229,300,000	229,300,000	229,300,000
Higher Education Institutions & Activities	ARTICLE XI-G	735,152,354	735,152,354	735,152,354
Pollution Control Bonds	ARTICLE XI-H	12,776,400	12,776,400	12,776,400
Alternate Energy Bonds	ARTICLE XI-J	43,186,000	43,186,000	43,186,000
DAS Oregon Opportunity Bonds	ARTICLE XI-L	36,620,000	36,620,000	36,620,000
Seismic Rehab - Public Education Bldgs	ARTICLE XI-M	297,740,000	297,740,000	297,740,000
Seismic Rehab - Emergency Service Bldgs	ARTICLE XI-N	65,330,000	65,330,000	65,330,000
State Real or Personal Property	ARTICLE XI-Q	2,174,802,800	2,174,802,800	2,174,802,800
DAS Pension Obligation Bonds (1)	ARTICLE XI-O	442,857,600	442,857,600	442,857,600
School District Capital Costs	ARTICLE XI-P	262,320,000	262,320,000	262,320,000
Total General Fund Supported		$ 4,327,475,154	$ 4,327,475,154	$ 4,327,475,154
Dedicated Fund Supported				
Veterans' Welfare Bonds	ARTICLE XI-A	-	-	332,160,000
Higher Education Building Projects	ARTICLE XI-F (1)	-	-	1,034,182,833
Pollution Control Bonds	ARTICLE XI-H	-	-	10,883,600
Elderly & Disabled Housing Bonds	ARTICLE XI-I (2) and ORS 456.519	-	-	27,260,000
Alternate Energy Project Bonds	ARTICLE XI-J	-	-	64,779,000
State Real or Personal Property	ARTICLE XI-Q	-	138,817,200	138,817,200
DAS Pension Obligation Bonds (1)	ARTICLE XI-O	-	787,302,400	787,302,400
Total Dedicated Fund Supported		$ -	$ 926,119,600	$ 2,395,385,033
Total General Obligation		**$ 4,327,475,154**	**$ 5,253,594,754**	**$ 6,722,860,187**
Revenue Bonds				
Direct Revenue Bonds				
Lottery Revenue Bond Program(s)	ORS 286A.560 – 585	-	1,037,530,000	1,037,530,000
Highway User Tax Revenue Bonds	ORS 367.620	-	2,442,070,000	2,442,070,000
Single-Family & Multi-Family Housing	ORS 456.645 and ORS 456.661	-	-	937,455,000
Economic Development - Bond Bank	ORS 285B	-	-	57,320,000
Total Direct Revenue Bonds		**$ -**	**$ 3,479,600,000**	**$ 4,474,375,000**
Conduit or Pass Through Revenue Bonds				
Economic & Industrial Development	ORS 285	-	-	562,211,103
Beginning & Expanding Farmer Loans	ORS 285A.420-435	-	-	-
Oregon Facilities Authority	ORS 289	-	-	1,836,921,317
Multi-Family Housing Programs	ORS 456.645 and ORS 456.692	-	-	671,771,734
Total Conduit or Pass Through Revenue Bonds		$ -	$ -	$ 3,070,904,154
Total Revenue Bonds				
Appropriation Credits				
Certificates of Participation (COPs)	ORS 283 & 286A	95,670,000	95,670,000	95,670,000
Oregon Appropriation Bonds	SB 856 - 2003 Legislature	-	-	-
Total Appropriation Credits		**$ 95,670,000**	**$ 95,670,000**	**$ 95,670,000**
Total Gross Debt				**$ 14,363,809,341**
Total Debt - Less Conduit Revenue Bonds		**$ 4,423,145,154**	**$ 8,828,864,754**	**$ 11,292,905,187**

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(1) To conform to rating agency methodologies Pension Obligation Bonds are considered net tax-supported debt.

D. Pension Obligation Bonds

On September 16, 2003, Oregonians approved the issuance of State general obligation bonds to finance part of the State's unfunded actuarial liability (UAL) to the Oregon Public Employees Retirement System (OPERS). The UAL is the difference between the liability of PERS to retirees and the actuarially determined value of the assets available to pay the liability. Calculated at the then prevailing actuarial assumed rate of 8.0%, the State's portion of the pension liability was estimated to be over $2 billion.

In October 2003, the State issued $2 billion in taxable Pension Obligation Bonds (POBs). The POBs were sold at an average interest rate of 5.8%, which was 2.2% below the actuarially assumed rate of 8% then in use by OPERS. As a result, the State anticipated receiving significant budgetary savings from the reduced cost of funding its UAL. The issuance of the POBs increased the state's outstanding Net Tax-Supported debt and its debt ratios substantially.

The ultimate savings that will be achieved through the issuance of POBs depends on the overall future asset returns on the POB bond proceeds deposited in a side account at OPERS. While the costs of the POBs were known and fixed at the time of issuance, investment returns over the term of the bonds cannot be known in advance. Based on assumptions regarding the long-term rate of return of the PERS system made at the time of issuance in 2003, it was estimated that the POBs would provide nominal General Fund savings of approximately $900 million over the life of the bonds. The actual amount of savings will not be known, however, until the POB bonds are fully retired in FY 2027.

E. Private Activity Bond Allocations

Under Federal tax law, tax-exempt bonding is generally limited to the financing of capital projects, which are deemed to benefit the general public rather than private parties, allowing for a limited (de minimis) amount of tax-exempt financing for "private activity" projects. Section 146 of the IRS Tax Code defines which projects qualify as "private activity," and authorizes by formula each state's annual private activity tax-exempt bonding volume cap (PAB). The IRS cap per capita for calendar year (CY) 2021 was $110 and remains at $110 per capita in 2022.

Unallocated and unused PAB allocations for a given year are allocated as "carryforward" by the PAB Committee each January to projects or categories of projects designated as private activity under IRS Section 146. This PAB volume cap carryforward must be used within three years for the allocated purpose or it is permanently lost to the State, as it cannot be reallocated to any other purpose once the carryforward election is made. Historically, the vast majority of PAB carryforward (which has generally been in the $250-$350 million per year range) was allocated to OHCSD, who applied the allocations either to the First Time Homebuyer mortgage revenue bond or the multifamily affordable housing program.

In CY 2021, Oregon's overall PAB allocation authority was $466.6 million, of which the 2019 Legislature allocated $292.5 million to State agencies ($250 million to the Oregon Housing and Community Services Department (OHCSD) for affordable housing; $40 million to the Oregon Business Development Department (OBDD) for Industrial Development Bonds; and $2.5 million to OBDD for the Beginning and Emerging Farmers loan program), with the balance of $174.1 million allocated to the Private Activity Bond Committee (PAB Committee). This Committee, as established in State law (ORS 286A.615), meets quarterly to review applications for the allocation of PAB to State or local projects that seek tax-exempt financing for their proposed private activity projects.

As of December 17, 2021, unutilized PAB Committee allocations totaled $111.03 million, which was returned to the Committee. The Committee's CY 2021 allocations totaling $78.23 million was used to support three (3) affordable housing projects, leaving $95.87 million of PAB Committee allocation available for 2021 Carryforward. OCHSD used $24.16 million of its $250 million CY 2021 Allocation and has $225.86 million available for 2021 Carryforward. OBDD did not use any of its $42.5 million of 2021 Allocation for IDBs and Farmer Loan Program. In the aggregate, the PAB Committee is estimated to have approximately $364.17 million in 2021 Carryforward available to allocate at its meeting in January 2022.

Given the passage by Metro area voters of over $700 million in local general obligation bonds to provide "gap" funding for affordable housing, it is anticipated that competition for future PAB Committee allocations will be strong, as the various affordable multi-family housing projects now in the planning stage must collectively rely upon the issuance of tax-exempt bonds to provide a 50% match for the federal 4% tax credit which provides the majority of equity in each transaction (with GO "gap" funding filling in the balance of the costs on a project).

The State's 2022 calendar year PAB volume cap authority based on US Census data published in December 2021 and IRS per capita limit is approximately $467.07 million. The 2021 Legislature allocated $442.86 in each of CY 2022 and CY 2023 as follows: Oregon Housing ($250 million) and Oregon Business Development IDB and Farmer Loan Program ($41 Million) And PAB Committee ($151.9 million). Based on the Census data, published in December 2021 and the IRS per capita allocation of PAB, the PAB Committee's CY 2022 allocation will increase by $24.21 million which provides the PAB Committee with $176.07 million of 2022 PAB Volume Cap for allocation.

The limited PAB Committee volume cap authority makes allocation decisions between competing economic development and local affordable housing projects a more challenging process, requiring careful thought and deliberation as to the highest and best uses of this valuable, yet limited financial resource. The Committee has voted to spread out its legislatively allocated PAB in equal amounts over the course of each calendar year, with any unallocated quarterly portions added to the next quarterly amount available to requesting communities or projects.

II. CURRENT DEBT PICTURE IN OREGON

A. Outstanding Debt

Prior to the late 1990s, the majority of State debt outstanding was linked to the bonds issued by the Department of Veterans' Affairs (ODVA) for veterans' mortgages. Since that time, the State's debt financing has been increasingly employed as the main vehicle to fund certain State programmatic needs as well as the backlog of infrastructure and capital needs linked to the deferred maintenance of state and higher educational facilities. Debt issuance for state highway improvements has also grown substantially over the past decade, as has the amount of indebtedness linked to construction and renovation of state facilities, economic development efforts, and higher education projects.

In 2003, the Legislature authorized several major new bonding programs, including $2.1 billion in pension obligation bonds to fund the State's Public Employees Retirement System (PERS) liability, $432 million in appropriation deficit bonds, and $1.9 billion in new Oregon Department of Transportation (ODOT) highway user tax bonds to address statewide bridge and highway modernization needs. In 2009 and again in 2017, the Legislature authorized the issuances of an additional $840 million and $480 million respectively in ODOT bonds to address highway congestion and safety issues.

In 2017, the Legislature authorized significant transportation legislation in its House Bill 2017, known as "Keep Oregon Moving," to address three identified priorities: 1) to protect, preserve and maintain the State's transportation system; 2) to address the effects of congestion, particularly in the Portland metro region; and 3) to increase investment in public transportation in both urban and rural areas. When all the new revenue sources are fully phased in, Keep Oregon Moving is expected to result in investment of more than $600 million a year across all modes of the State's transportation system, representing the State's largest transportation investment in Oregon's history. Keep Oregon Moving includes the 2021-2023 authorization of an additional $880 million in net proceeds of ODOT Highway User Tax Revenue Bonds to finance transportation projects across the State.

In addition, HB 3055 Bill enacted by the 2021 Legislature includes 1) expansion of short-term borrowing limit to $600 million from $100 million that may be repaid from any available funds of ODOT; 2) expands the use of the $30 million, previously allocated to the Interstate 5 Rose Quarter Project to other projects including I-205 Improvements, Interstate 5 Boone Bridge and Seismic Improvement Project and implementation of toll projects under ORS 383.150. HB 3055 advances the ODOT's tolling strategy.

The following exhibits reflect more recent trends in outstanding State general obligation bonds, direct revenue bonds and appropriation credit obligations. These exhibits offer a historical perspective on the underlying factors that determine the State's overall debt position.

Exhibit II.1 shows a 10-year history of the State's total outstanding obligations by major category from fiscal years ending 2012 to 2021.[1] This exhibit shows that overall state debt has remained relatively constant over the past decade, as new general obligation and revenue state bonds were issued at roughly the same pace as outstanding general obligation and revenue state debt was retired. The components of overall state debt have changed during this ten-year time frame, however, with general obligation debt replacing appropriation credit debt as the source of financing for most state capital projects.

Exhibit II.1

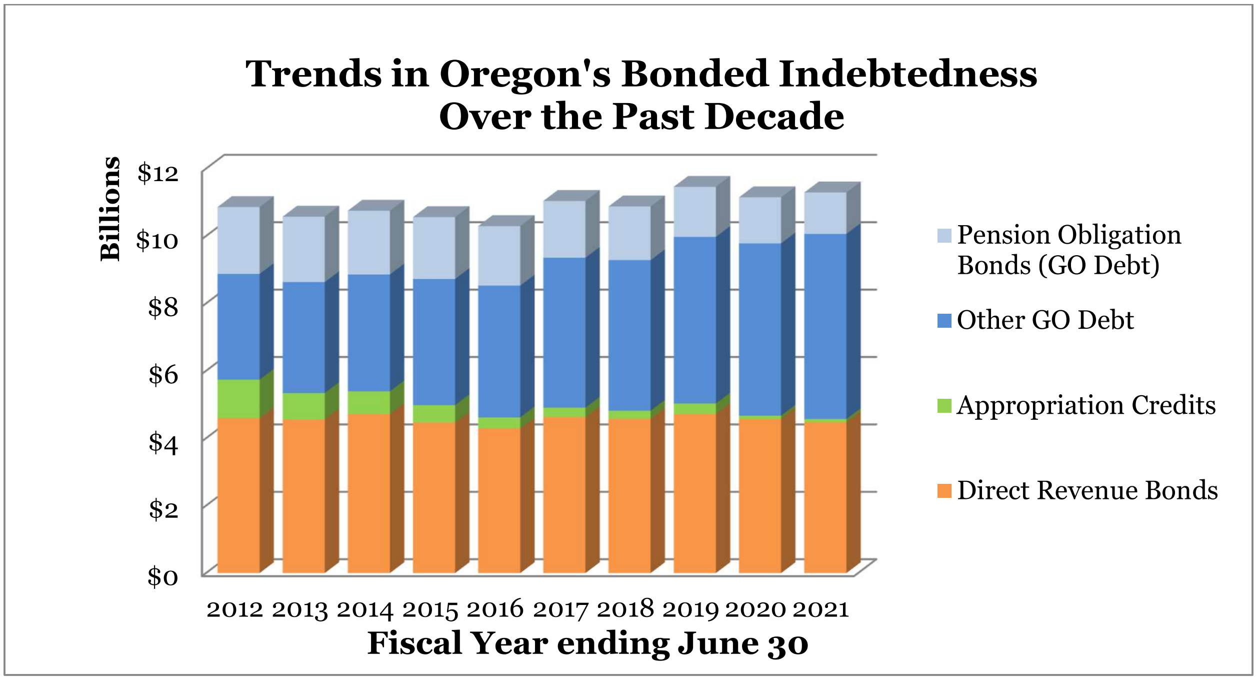


Exhibit II.2 provides more detail on the underlying components of this growth in State general obligation indebtedness. Overall outstanding State general obligation indebtedness totaled $6.7 billion at the end of FY 2021, representing an increase of approximately $1.6 billion over the levels reported 10 years ago.

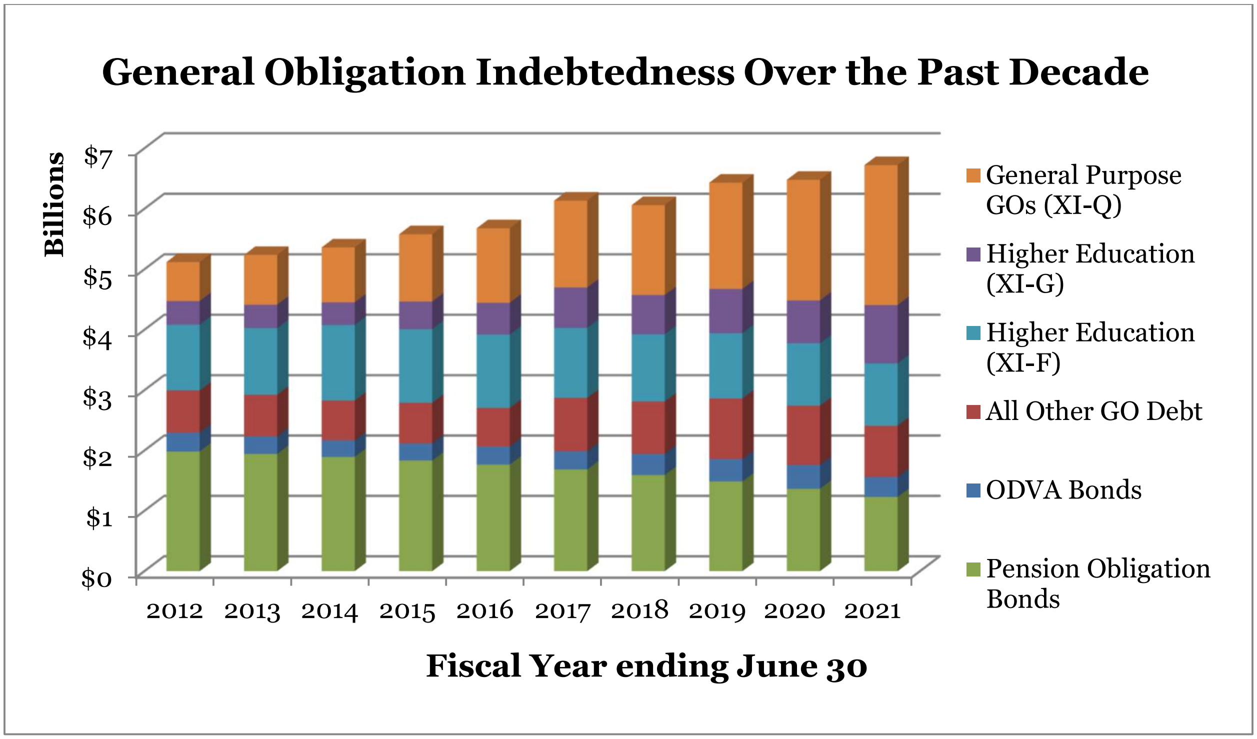
The largest growth area in terms of State GO bonded indebtedness is related to the establishment of the Article XI-Q GO bond program. In November 2010, Oregon voters authorized the sale of XI-Q general obligation bonds for state buildings, facilities, and other capital projects as an alternative to the costlier financing of these projects through Certificates of Participation (COPs). It was anticipated at the time of passage of this new bond program that the State would over time refinance most of its outstanding COPs with these higher-rated, lower cost GO bonds.

To date, the State has refunded $632 million in COPs with the new XI-Q GO bonds, saving an estimated $101.4 million in interest costs on a present value savings basis. In addition, since FY 2011, most new state property projects have been financed with XI-Q GO bonds. As of June 30, 2021, there was $2.3 billion in XI-Q GO bonds outstanding, and $964 million in COPs remaining.

[1] Does not include conduit or pass-through revenue bonds.

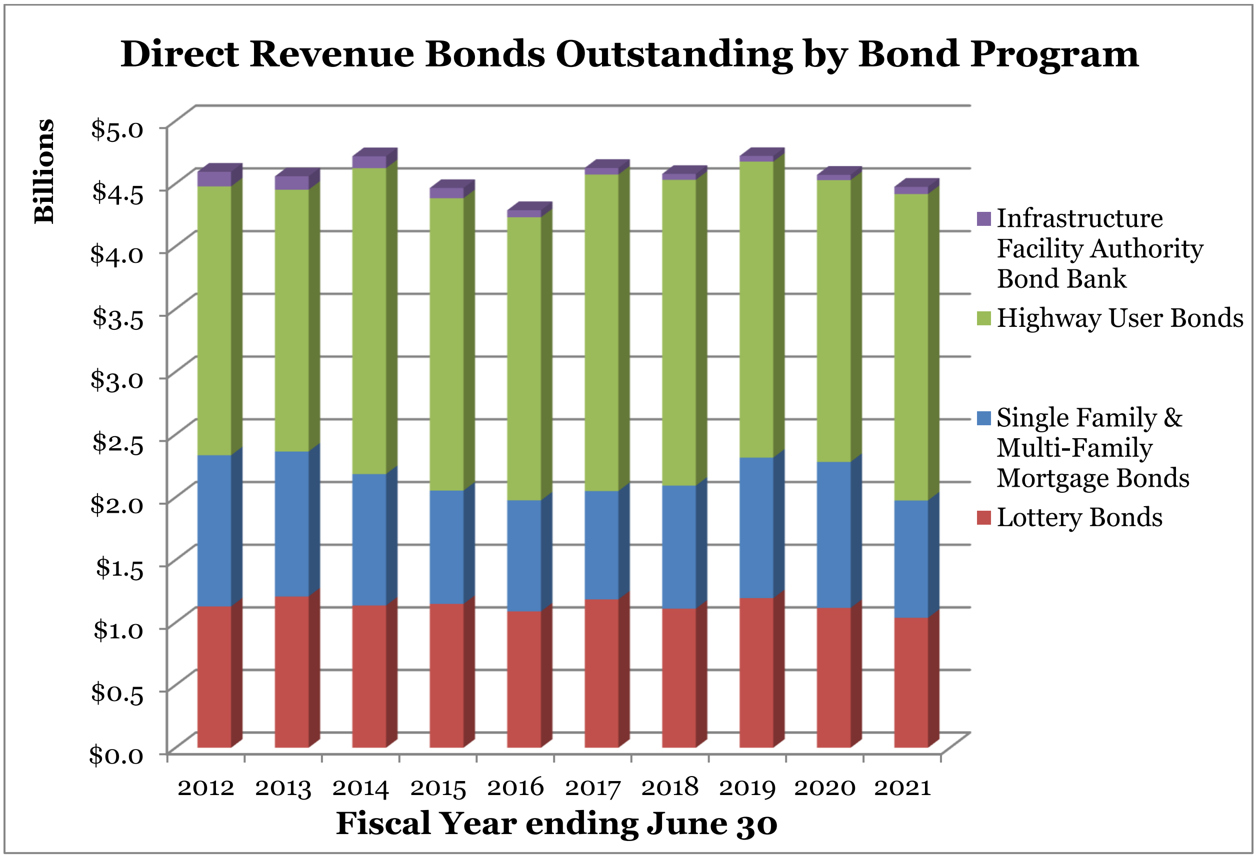
There has also been a steady increase over the decade in the issuance of Higher Education GO bonds (both Article XI-G and XI-F (1) bonds) which fund public university capital projects; on a combined basis, higher education indebtedness has grown from $1.5 billion in FY 2012 to $2.0 billion in FY 2021.

Exhibit II.2



As seen in *Exhibit II.3*, both the overall and individual components of State direct revenue bonds outstanding have not increased over the past 10 years, as existing revenue debt has been extinguished at about the same rate as new revenue debt has been issued. Over this time frame, outstanding revenue bonds for lottery-backed bonds remained constant, reflecting the balanced state approach of issuing new lottery bonds in amounts roughly equal to the amount of lottery debt that is retired each year.

Exhibit II.3



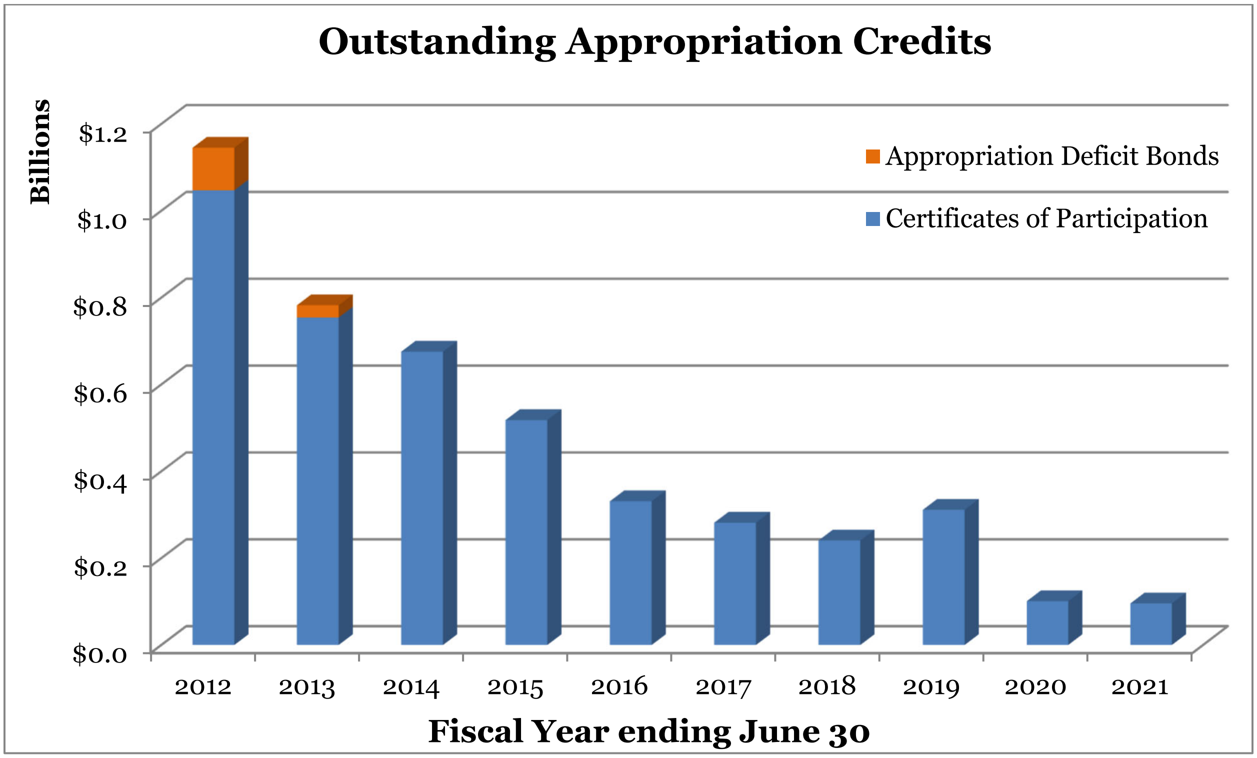
Appropriation obligations include both COPs and Appropriation bonds. The amount of appropriation obligations that can be issued is determined by the legislature each biennium. *Exhibit II.4* illustrates appropriation credit issuance history through fiscal year ending June 30, 2021.

The State's original use of COPs was related to the passage of Ballot Measure 11 in 1994. Measure 11 created mandatory minimum penalties for specified crimes and required that juveniles charged with certain violent crimes be tried and sentenced as adults. At the time, there was not a constitutional provision that allowed for the issuance of GO bonds to fund general purpose state facilities. Therefore, COPs were used to fund the construction of adult and juvenile prisons and correctional facilities mandated by Measure 11. COPs were later used to fund the replacement of the aging Oregon State Hospital in Salem.

In 2010, the Oregon electorate approved the issuance of lower cost Article XI-Q general obligation bonds for State real or personal property projects. Since that time, $632 million of COPs have been refunded as Article XI-Q GO bonds, saving the State $101.4 million in interest costs on a present value savings basis over the remaining life of these obligations. It is unlikely the State will issue COPs much in the future other than in specific circumstances where the issuance of GO bonds is not legally feasible, as was the case in March 2019 when $100 million in new COPs were sold to fund the partial decoupling of the Elliott State Forest from the Common School Fund.

The first and only authorized issue of State of Oregon Appropriation Bonds occurred in April 2003 in the amount of $431.6 million. The bonds were authorized by Senate Bill 856 (2003) and enacted by the 2003 Legislature Assembly for the purpose of financing a portion of the State's budget deficit which occurred towards the end of the 2001-03 biennium. These bonds were structured with a ten-year term and were paid off in full in September 2013.

Exhibit II.4



B. Future Capital Needs of the State of Oregon

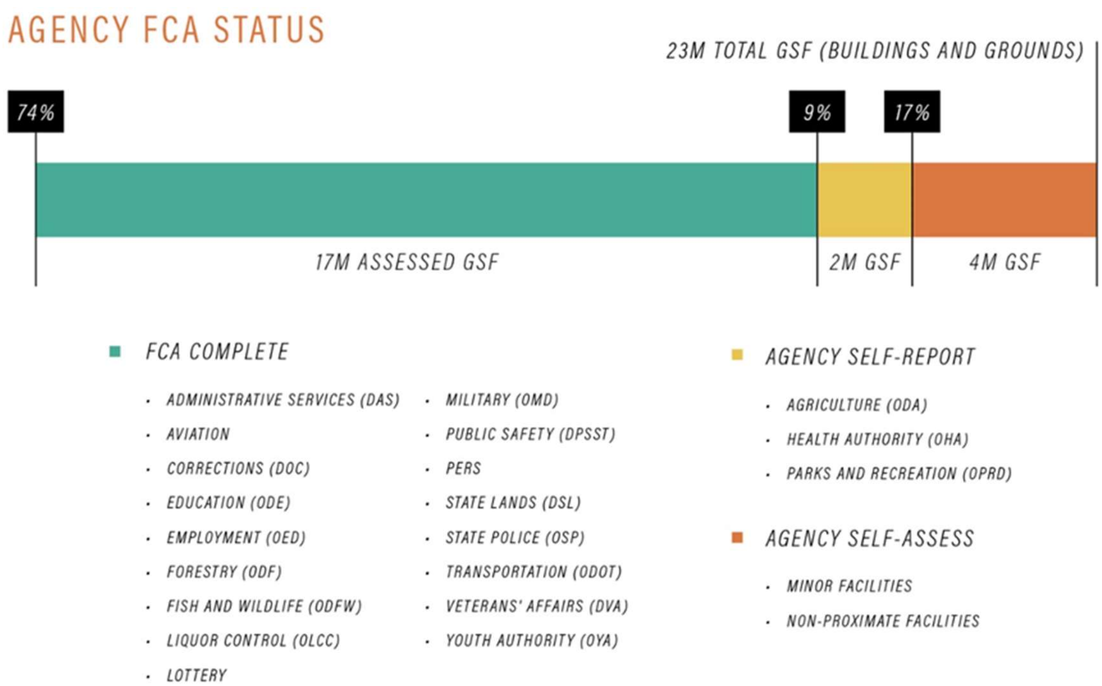
As noted in this report, there is approximately $1.90 billion in General Fund-Supported debt capacity available in each of the next four biennia. In addition, there will be on average approximately $560 million in Lottery bond capacity available over each of the next four biennia. Given the many competing demands for project funding throughout the State, the Commission continues to recommend that the Governor and Legislature carefully evaluate how to best allocate this future debt capacity.

The State of Oregon has current and future capital needs related to maintaining aging, state-owned facilities (the mean age is 40 years). The state-owned facility portfolio, including public university facilities, is approximately 40 million gross square feet (MGSF) located in over 5,100 buildings. State executive branch agencies are housed in 23 MGSF of this space in approximately 4,700 buildings and facilities valued at approximately $8 billion. Delaying ongoing maintenance, repairs, and timely system replacements to the point that major renovations are required to maintain safe and adequate usage will cost significantly more. To the extent agency operating budgets are not sufficient to address ordinary maintenance and repairs of state facilities, this unmet need will continue to put pressure on the state's limited debt capacity to address deferred maintenance through extensive and expensive renovation projects.

ORS 276.227 requires the Department of Administrative Services (DAS) to establish a statewide planning process to evaluate the needs of the State's facilities, provide information on the condition of such facilities, establish guidelines for acquiring and maintaining facilities and provide financing and budgeting strategies to allocate resources to facilities' needs. In addition, state agencies are charged with implementing long-range maintenance and management plans to ensure that facilities are maintained in good repair and the useful lives of facilities are maximized. To assist agencies and the Legislature in prioritizing investment to steward the state's real estate assets, DAS implemented an initiative to collect detailed conditions information, including seismic and natural hazard risk assessments, on state-owned facilities. Using a statewide, programmatic approach, facility condition assessment (FCA) services were offered in the 2013-15 and 2015-17 biennia to agencies in an effort to ensure a consistent assessment methodology and uniform measure of facilities condition. During the 2017-19 biennium, several agencies self-funded facility condition assessments.

As shown in *Exhibit II.5* below, by the end of FY 2019, a total of 17 state agencies, comprising approximately 75% of agency-owned facility and grounds gross square footage, have completed facility conditions assessments of major buildings and campuses. Based on these facility assessments, the capital renewal and deferred maintenance needs for assessed buildings are estimated to cost over $1.2 billion within the next 10 years.

Exhibit II.5



Source: Department of Administrative Services

The FCA process also revealed there is a great deal of variation in the condition of state buildings and facilities by agency, as shown below in *Exhibit II.6*, with DAS, Public Safety and Transportation agency buildings ranked in good condition based on the Facility Condition Index (FCI) methodology shown below, with the balance of state agencies' buildings and infrastructure ranked in fair to poor condition. The FCI rating is based on a calculation of the cost of deferred maintenance and capital renewal needed for a given building compared to its current replacement value. The table below lists how each building's FCI is calculated:

FCI (%) = Facility Need (Capital Renewal and Deferred Maintenance Cost) / Current Replacement Value

0% to 5% Good condition
5% to 10% Fair condition
10% to 60% Poor condition
Greater than 60% Very poor condition

The FCA analysis conducted by DAS also suggests that if additional resources are not dedicated over the course of the coming decade to the on-going funding of capital renewal and deferred maintenance, most state agency buildings and infrastructure will decline to the poor condition FCI level by FY 2030.

Exhibit II.6

ASSESSED AGENCY CURRENT/10-YEAR FCI

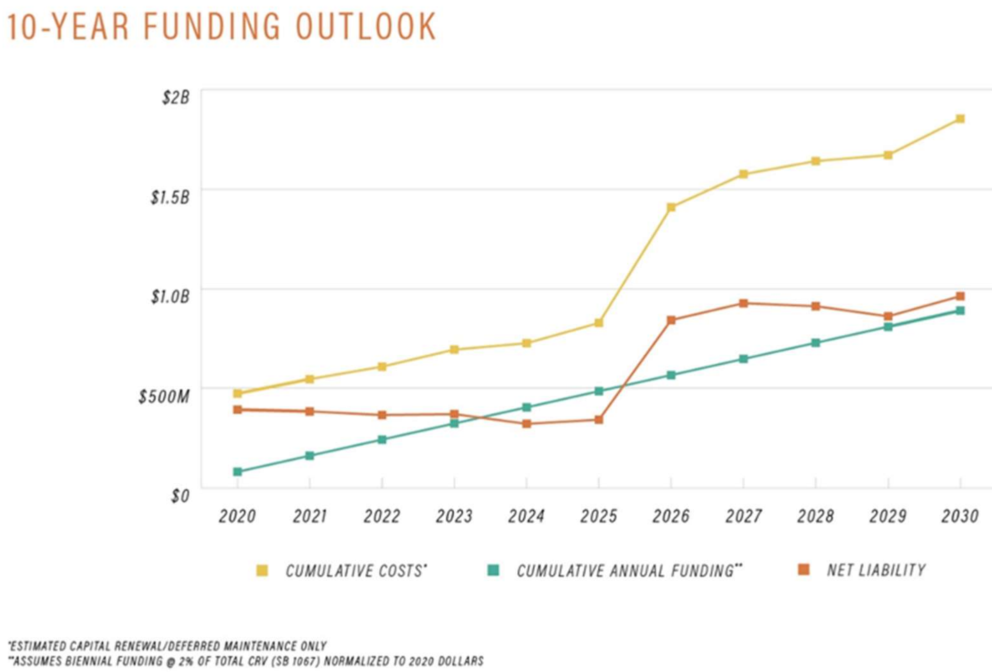
ASSESSED AGENCY	2020 FCI	2020 CONDITION	2030 FCI	2030 CONDITION
ADMINISTRATIVE SERVICES (DAS)	7.8%	FAIR	14.5%	POOR
AVIATION	12.6%	POOR	14.7%	POOR
CORRECTIONS (DOC)	9.7%	FAIR	15.8%	POOR
EDUCATION (ODE)	22.7%	POOR	34.3%	POOR
EMPLOYMENT (OED)	25.3%	POOR	46.9%	POOR
FISH & WILDLIFE (ODFW)	13%	POOR	9.5%	FAIR
FORESTRY (ODF)	11.7%	POOR	18.8%	POOR
LIQUOR CONTROL (OLCC)	12.6%	POOR	27.6%	POOR
MILITARY (OMD)	20.9%	POOR	17.2%	POOR
PERS	4.3%	GOOD	4.5%	GOOD
PUBLIC SAFETY (DPSST)	1%	GOOD	18.2%	POOR
STATE LANDS (DSL)	13%	GOOD	22%	GOOD
STATE POLICE (OSP)	5.2%	FAIR	21.5%	POOR
TRANSPORTATION (ODOT)	2.6%	GOOD	5.8%	FAIR
VETERANS AFFAIRS	3%	GOOD	11%	POOR
YOUTH AUTHORITY (OYA)	13.5%	POOR	21%	POOR

Source: Department of Administrative Services

Given the results of the FCA analysis and the long-term savings that can be achieved by the State through the annual funding of on-going maintenance and repair of existing State facilities, the Commission applauds the 2017 Legislature for the passage of SB 1067, which will help the state take a more proactive approach to addressing the projected $1.2 billion in deferred maintenance and capital renewal funding needed over the coming decade. SB 1067 requires that future Governors' Budgets include funding of deferred maintenance and capital improvements on existing state-owned buildings and infrastructure, with minimum funding set at 2% of their current replacement value. As used in this context, the bill's definition of "state-owned buildings and infrastructure" excludes buildings and infrastructure owned or used by public universities and community colleges or the state's transportation infrastructure, such as its roads and bridges.

The 2021 State Legislature approved funding deferred maintenance and capital improvements at approximately 6% of the estimated current replacement value of state-owned buildings and infrastructure, as of fiscal year 2020, for the 2021-23 Biennium. Based on the 2% per biennium formula and the current replacement value of $8 billion for state-owned buildings and infrastructure, DAS projects that at a minimum funding level of $160 million per biennium, this investment would effectively equalize with annual needs for deferred maintenance and capital renewal by FY2029, as shown in *Exhibit II.7*.

***Exhibit II.**7*



Source: Department of Administrative Services

Seismic and flood risk analyses have been completed for over 115 select DAS, Oregon Youth Authority, and Oregon Liquor Control Commission buildings. For the remaining 14 assessed agencies, the FEMA Rapid Visual Screening portion of facility risk assessments are complete. The benefit-cost analysis, recommended rehabilitation or replacement approach, and other mitigation prioritization, would require additional technical expertise to complete, and could occur as funding is provided by the Legislature. Additional funding of FCA analyses over time would allow the State to actively continue monitoring State buildings and infrastructure.

In addition to upgrading state buildings, in recent years, the State Legislature established new grant programs funded with State bonds to incentivize Oregon local governments to address a myriad of their deferred maintenance and unmet capital needs (e.g., seismic retrofit of public school and public safety buildings, the creation of more affordable housing, county courthouse renovation and/or replacement, the development of new agricultural water infrastructure, and K-12 school capital improvements). While highly important to the State's long-term economic viability, growth in these bond-funded grant programs has and will continue to put pressure on the State's limited debt capacity.

Below is a list of some of the most pressing capital needs that have been identified as of the date of this report that were either funded in the 2021-23 Biennium and/or will likely require funding in the future. This list includes projects that were authorized to be funded with lottery bonds during the 2021-23 Biennium; however, it should be noted the issuance of lottery bonds is dependent upon meeting the additional bonds tests of four times coverage of actual and projected revenues to debt service as required by the Master Indenture that governs lottery revenue bonds.

Public Safety

Both the Oregon Youth Authority (OYA) and the Department of Corrections (DOC) have significant backlogs of deferred maintenance on their facilities, for which a combined $131 million of Article XI-Q bonds was authorized in the 2021-23 Biennium. OYA maintains a10-year strategic facilities plan that addresses the age and condition of OYA's facilities; environmental issues; needed seismic upgrades; and handicap access to the appropriate types of space for OYA programs related to treatment, recreation, housing, visitation, education and vocational training. The plan identified facility maintenance and renovation needs estimated at over $50 million in 2018. OYA's 2014 Facilities Condition Assessment (FCA) report identified immediate as well as long term facility needs over a 10-year horizon. These findings along with a programmatic transformation in how youth are housed, inform OYA's future facility disposition and consolidation strategy.

At over 5.5 MGSF, DOC has the largest facility portfolio of all state agencies. Many of these critical facilities are very old and in poor condition, despite a regular program of maintenance within the context of limited resources. DOC's deferred maintenance and capital renewal needs assessed at $150 million in 2018, and without action are projected to reach nearly $300 million by 2028. DOC will need significant on-going funding to address accumulated deferred maintenance and capital renewal needs, as well as strategic seismic retrofits to many of its facilities.

The Oregon Military Department (OMD) identified over $100 million in deferred maintenance and capital renewal needs in 2018, including new construction and maintenance/ renovation projects at armories, readiness centers and other OMD facilities located throughout the state. The 2021 Legislature authorized issuance of $15 million of XI-Q bonds to match with federal funds to construct and upgrade multiple OMD facilities.

In addition, $111 million of XI-Q bonds were approved for the Oregon State Police to replace the forensic lab, medical examiner's office, and patrol office in Springfield as well as renovate and expand the command center in Central Point.

Education

Oregon's public universities have significant projected capital needs that include deferred maintenance of classrooms, dormitories and other educational facilities. All seven public universities are governed by independent boards that are autonomous from State government and have legislative authority to issue revenue bonds to fund their capital needs. However, given the State's financial resources and superior credit rating, it is likely that a significant portion of the future capital improvements at public universities will continue to be funded through the issuance of State General Obligation (GO) bonds to fund a combination of grants and loans from the Higher Education Coordinating Commission (HECC) to the universities. To the extent that grants, rather than loans, are provided by the State, the capital needs of universities will continue to use a significant portion of available General Fund debt capacity.

HECC developed a 10-year strategic capital plan for Oregon's public universities that took into account both long-term demographic trends and the state's educational attainment goals for its citizens. The plan provides strategic guidance for maintaining and upgrading the public university capital asset portfolio through FY 2029 and will be helpful to HECC and the Legislature in future decision-making regarding the prioritization of bonding and capital budget recommendations. The most significant recommendation of this report is to prioritize the improvement and renewal of existing higher education capital assets, as demographic trends suggest limited future enrollment growth at all except a few public universities in Oregon. The report notes that national facility management "best practice" calls for investing at least 2.5% of the current replacement value per year in capital renewal of existing assets, which would translate into approximately $200 million per year for the public university capital asset portfolio.

For the 2021-23 Biennium, approximately $337 million of General Fund-Supported GO bonds (both XI-G bonds and XI-Q bonds) were authorized in the 2021 legislative session to fund grants for public university capital projects. In addition, the 2021 Legislature authorized approximately $77 million in General Fund-Supported Article XI-G bonds for community college construction projects.

The issuance of $126 million of general obligation bonds under Article XI-P was authorized for the 2021-23 Biennium to provide matching funds to finance the capital costs of school districts. Capital costs include costs associated with acquisition, construction, improvement, maintenance or furnishing school facilities. The grant program is administered by the Department of Education in accordance with established grant eligibility and award requirements. Given the condition of many school district facilities and the anticipated demand for matching grant monies, this program will likely need a significant portion of the state's General Fund debt capacity in future biennia.

Economic and Community Development

The Oregon Business Development Department (OBDD) administers the Seismic Rehabilitation grant program for seismic upgrade of public schools and public emergency services facilities within the state. The 2021-23 Biennium Bond Bill authorized the issuance of $111 million in Article XI-M Seismic Rehabilitation GO bonds for public school seismic projects and $50 million of Article XI-N Seismic Rehabilitation GO bonds for emergency services facilities. It should be noted that based on preliminary findings of the Oregon Department of Geology and Mineral Industries, there is a pressing need for the seismic retrofit of a significant number of Oregon's public schools and public safety facilities around the State, with an estimated cost of several billion dollars.

OBDD also administers the Special Public Works Fund (SPWF). For the 2021-23 Biennium, the Legislature authorized $55 million in Lottery Revenue Bonds to recapitalize the SPWF to provide grants or low interest loans to local governments for qualifying water related infrastructure projects and an additional $16 million in Lottery Revenue Bonds specifically for levee improvement projects.

Given the shortage of affordable housing in Oregon, the 2021 Legislature authorized the issuance of $413 million of Article XI-Q bonds and $56 million of Lottery Bonds for low-income housing projects through Oregon Housing and Community Services. This represents a significant increase over amounts authorized in prior biennia.

Natural Resources

Water is essential for economic growth, environmental health, and the welfare of all Oregonians. Traditionally, the State of Oregon has left the development of water supply infrastructure to local entities and the federal government. In recognition of declining federal support and a rapidly increasing need for water infrastructure to meet Oregon's current and future instream and out-of stream water needs, SB 839 (2013) established the foundation for a state grant and loan program for integrated water resources development in Oregon. This program was initially capitalized with the issuance of Lottery bonds during the 2013-15 biennium. The 2021 Legislature authorized $33 million in Lottery bonds for water supply development projects during the 2021-23 Biennium.

The buildings and infrastructure of natural resource agencies are specialized, widely dispersed and aging. Both the Oregon Department of Fish and Wildlife (ODFW) and Oregon Department of Forestry (ODF) have completed the FCAs of all their major facilities and facilities in the proximity of those facilities. ODF's six regions have deferred maintenance of $21 million and $46 million in capital renewal needs by 2028. ODFW's buildings' deferred maintenance and capital renewal needs are $16 million (2018) and $30 million (2028) respectively; however, adding in their civil infrastructure (fish ladders, tanks, etc.) is expected to double these costs. The 2021 Legislature approved $5 million of XI-Q bonds for capital improvements to ODFW facilities and $3 million of XI-Q bonds for ODF facilities.

In addition, $50 million of XI-Q bonds were approved in the 2021-23 Biennium for various capital improvements to facilities and infrastructure within the State Parks system, managed by the Oregon Parks and Recreation Department.

Judicial

The Oregon Judicial Department administers a grant program funded through the issuance of Article XI-Q GO bonds to finance costs related to acquiring, constructing, remodeling, repairing or furnishing county courthouses that are owned or operated by the State of Oregon. For the 2021-23 Biennium, approximately $144 million in XI-Q bonds were authorized in the 2021 legislative session to fund four courthouse projects. There is likely to be continued demand for state debt capacity for courthouse projects, particularly for replacement projects in which construction may span multiple biennia. An additional $22 million of XI-Q bonds was approved by the 2021 Legislative Assembly for renovations to the Oregon Supreme Court building.

Other Capital Needs

In addition to the projects already mentioned above, $332 million of Lottery bonds were authorized in the 2021 legislative session to provide proceeds to fund regional and community projects across Oregon. In recent biennia, the Legislative Assembly authorized the issuance of Lottery Revenue bonds to fund a wide range of Oregon regional and community economic development needs, including dredging and other port improvements, trade centers, planning for aquifer recharge and new irrigation systems, forest land acquisition, transit system expansions, parking garages, levee improvements, matching funds for federal disaster assistance, and public television infrastructure. Often, these types of projects are not financially feasible without the Legislature's allocation of Lottery bond proceeds for these purposes; thus, continued demand for these community needs can be expected in future biennia.

Also, approximately $8 million of Article XI-Q GO bonds were authorized by the 2021 Legislature to finance capital improvements to the Oregon State Hospital facilities in Salem and Junction City. Other bonding needs include the funding of large-scale IT system development and upgrades. These systems include the Department of Corrections Electronic Health Records System, the Oregon Youth Authority Juvenile Justice Information System, and the Legislative Administration Committee's Document Publishing and Management System. All of these projects were at least partially funded in 2021-23 through a total of $26 million in Article XI-Q GO bonds; if implementation is not completed by the end of the biennium, these projects will likely require continued state debt financing during the 2023-25 Biennium.

C. Other Potential Impacts on State Debt Capacity

To date, the use of bond proceeds has not been authorized by the legislature to assist in the structured settlement of large lawsuits against the State of Oregon. However, there are examples of other jurisdictions around the country issuing "judgment obligation" bonds for this purpose. Since the Oregon Constitution restricts general obligation bond issuance to a limited range of voter-approved purposes, the use of bonding for large lawsuit settlements would be restricted to appropriation-based debt.

If a significantly large enough lawsuit against the State was won by a plaintiff, this long-term liability would likely be considered by rating agencies and others as part of the State's general fund "indebtedness" and should be counted against its debt capacity. The $1.065 billion verdict in the lawsuit brought by several Oregon counties and special districts regarding unrealized forest revenues is an example of a large lawsuit that would qualify as meeting the above criteria. Even though the judgment against the state has been appealed to the Oregon Court of Appeals, the State may consider reserving future debt capacity for any potential settlement. The Legislature and Governor should remain mindful of these potential types of events and the long-term budget implications that lawsuits of this nature can have on the State's General Fund-Supported debt capacity.

D. Timing of State Bond Sales

In addition to determining the specific projects that will be authorized for bonding in the biennial Bond Bill, the Legislature in recent years has also directed the specific timing of State bond sales by delaying the appropriation of debt service on state funded projects until the following biennium. As a result, most of the State's General Obligation and Lottery Revenue Bonds have been sold during the last few months of the biennium in which they were initially authorized. While this strategy may have been necessary from an overall state budget management perspective in the years following the Great Recession, it has not always resulted in the State being able to achieve optimal interest rates at the time of the sale of these bonds. The clustering of many large dollar Oregon bond issues in too short a time frame floods the capital markets to the point where supply exceeds demand, which in turn requires the State to offer bonds at higher interest rates than would otherwise be required to assure their final placement with investors.

The 2021 Legislatures authorized the issuance of approximately $1.67 billion of General Fund-Supported Debt for the 2021-2 Biennium, of which $620 million is anticipated to be issued in FY 2022 and the remainder in FY 2023. Similarly, one-half or $246 million of the $492 million authorized issuance of Lottery Revenue Bonds are expected to be issued in the FY 2022 and the remainder in FY 2023.

The Commission encourages the Legislature to continue to move away from the delayed debt service budget strategy and allow a larger percentage of approved capital projects to be financed in the first year of the biennium. This approach would spread out the sale of State bonds in a more even fashion and allow for a better balance of supply and demand for our bonds across the entire biennium. Additionally, from a long-term financial management perspective, this approach contributes to interest cost averaging of the State's debt portfolio.

III. GENERAL FUND-SUPPORTED DEBT CAPACITY

A. Debt Burden

The key indicators commonly used by the rating agencies and municipal analysts to evaluate a state's debt burden include debt per capita, debt to personal income, and debt service to revenues. We measure Oregon's debt burden and capacity based on the percentage of debt service (i.e. principal and interest) to revenues. In this section, we compare debt service for General Fund-Supported debt as a percent of General Fund revenues, or:

$$\frac{\textbf{Debt Service for General Fund-Supported Debt}}{\textbf{General Fund Revenues}}$$

States recognized as having sound debt management practices typically use a range between 5% and 10% of revenues in determining their capacity measurements, with 5% as a frequent commitment. Many states now conduct debt affordability studies to provide policymakers with a clear understanding of their states' debt levels through, among other things, careful projections, smart benchmarking comparisons, multiple descriptive metrics, and analysis. The states that produce affordability studies also vary in how they structure their debt. Some have highly centralized debt structures, while others delegate a higher share of total borrowing to independent agencies and authorities. In addition to traditional general fund-supported debt, states must consider other obligations that utilized the same source of funding and debt. The rating agencies, look at net tax-supported debt, which incorporate general fund, highway, appropriation, and various categories of debt in comparing states. Below, we further describe net tax supported debt and the medians used by the rating agencies to evaluate the credit quality of state-level issuers.

For purposes of determining Oregon's capacity standard, the Commission establishes range under which the State can evaluate its general fund debt capacity. This range exists between a low of 0.0% and a high of 10%.

In the following illustration, a ratio within the "green" area signifies that the State is within a prudent capacity range to pay debt service, and thus, has capacity to issue additional General Fund-Supported debt obligations. A ratio within the "yellow" area signifies that the State's capacity is entering a cautionary zone where debt exceeds prudent capacity targets and may result in negative implications to the State's long-term credit rating and cost of funds. At this level, it would be wise for the State to reevaluate bonding priorities. Finally, were the State to reach a ratio within the "red" zone, consequences would be expected to include increased interest costs, negative credit rating impacts, and reduced access to capital markets.

Target debt capacity range can be visualized as follows:

General Fund-Supported Debt Payments as a Percentage of General Fund Revenues

0% to 5% **"Green"**	**Over 5% to 7%** **"Yellow"**	**Over 7% to 10%** **"Red"**
Prudent Capacity Range	Exceeds Prudent Capacity Target	Capacity Limits Reached

B. Inputs & Assumptions for General Fund Debt Capacity Model

As required by ORS 286A.555, the Commission's model projects debt capacity over the same number of years as the quarterly Office of Economic Analysis' (OEA) Economic and Revenue forecast, which provides a General Fund forecast for the next 10 years. The model looks at General Fund-Supported debt programs, with specific program funding within the capacity range determined by the Governor and Legislature.

This *2022 Commission Report* provides an assessment of debt capacity from FY 2022 through FY 2031 based on the OEA's December 2021 Forecast and the bonding authorizations contained in the 2021-23 Biennium Bond Bill.

The model calculates General Fund-Supported debt capacity using a target ratio of General Fund-Supported debt service to General Fund revenues. The Commission utilizes 5% as the model's capacity target because it is the dividing point between a "green/available" capacity level and a "yellow/cautionary" target level. It is acknowledged that this 5% target is not a strict capacity limitation, but rather reflects an approach into the "yellow/cautionary" capacity range. The movements from one target level to the next signals the need for a reevaluation of existing debt authorization and future bonding priorities.

The model first solves for "overall capacity" to pay debt service on General Fund-Supported debt issuance. As noted earlier, the following programs are considered General Fund-Supported debt obligations for purposes of this report:

- State Highway Bonds (Article XI-Section 7)
- Higher Education Facility & Community College Bonds (Article XI-G)
- Pollution Control Bonds (Article XI-H) (54% of program debt service)
- Alternate Energy Bonds (Article XI-J) (40% of program debt service)
- Oregon Opportunity Bonds (Article XI-L) (for OHSU projects)
- Seismic Rehab – Public Education Buildings Bonds (Article XI-M)
- Seismic Rehab – Emergency Service Buildings Bonds (Article XI-N)
- Public School Facility Bonds (Article XI-P)
- State General Purpose Bonds (Article XI-Q) (94% of program debt service)
- State Pension Obligation Bonds (36% of program debt service)
- Certificate of Participation obligations (ORS 283.085 to 283.092) (100% of program debt service)

As shown in *Table III.1*, the model solves for overall debt capacity for fiscal years 2022 through 2031 using the most recent General Fund forecast from OEA and 5% of General Fund revenues as the maximum debt service capacity limit. Based on this capacity limit, the model illustrates that dollars available to pay debt service ranges from $593 million in FY 2022 to $1,005 million in FY 2031.

Table III.1

General Fund Forecast of Revenues and Dollars Available for Debt Service ($ Million)		
Fiscal Year ending June 30th	**Net General Fund Revenues [1]**	**Dollars Available to Pay Debt Service at 5% Target (Capacity)**
2022	$11,862.80	$593.14
2023	12,165.2	608.3
2024	13,887.5	694.4
2025	13,946.2	697.3
2026	15,147.1	757.4
2027	15,801.3	790.1
2028	16,877.1	843.9
2029	17,810.7	890.5
2030	19,137.4	956.9
2031	20,089.7	1,004.5

[1] General Fund revenues are shown as projected by the Oregon Office of Economic Analysis in the most recent *Oregon Economic and Revenue Forecast, table General Fund Revenue Forecast by Fiscal Year*

After determining the dollars available for debt service, the portion already committed to annual debt service on outstanding General Fund debt, as well as amounts used to pay debt service on authorized General Fund-Supported bonds expected to be issued over the remainder of the biennium is calculated. For purposes of this report, we assume that all $1.67 billion in General Fund-Supported debt authorized by the 2021-2023 Biennium Bond Bill will be fully issued by June 30, 2022.

The new General Fund-Supported debt includes the following: update based on the 2021-2023 Biennium Bond Bill:

- $77.2 million in XI-G GO bonds for 50% matching grants for community college building projects;
- $42.8 million XI-G Higher Education Facility Bonds;
- $111.3 million in XI-M GO bonds for seismic upgrade grants to public schools;
- $50.8 million in XI-N GO bonds for seismic upgrade grants to public safety facilities;
- $126.1 million in XI-P GO bonds for matching grants for K-12 school capital improvements; and
- $1.3 billion in XI-Q GO bonds for various state agency capital projects, matching grants for county courthouse projects and gap funding for affordable multifamily housing projects.

Projected annual debt service payments on the planned new General Fund-Supported debt are based on the following assumptions:

- Level annual debt service payments;
- An interest rate of 4.50%, the standard rate used in annual SDPAC reports, which is 90 basis points higher than the 10-year average of the *Bond Buyer 20-Bond Index which was 3.60%* as of December 16, 2021[1]; and
- Twenty-year final maturity length for all General Fund-Supported debt obligations.

The model forecasts the remaining dollars available to pay debt service on future issuance, and therefore bonding capacity, by introducing known annual debt service payments for outstanding debt and the projected debt service payments for planned issuance. This is shown in *Table III.2*. A detailed outline of debt service requirements for each General Fund-Supported debt program is provided in *Appendix A* to this report.

Table III.2

Remaining General Fund Dollars Available for Future Debt Issuance ($Million)				
Fiscal Year Ending (June 30)	**Available Dollars to Pay Annual Debt Service (at 5% Target)**	**(Less) Annual Payments for Debt Service on Existing General Fund-Supported Debt Outstanding(1)**	**(Less) Projected Annual Payments for Debt Service on New General Fund-Supported Debt**	**Remaining Dollars Available to Pay Debt Service on Future Debt**
2022	593.1	(487.0)	-	106.1
2023	608.3	(484.2)	(64.3)	59.8
2024	694.4	(466.0)	(128.6)	99.8
2025	697.3	(443.8)	(128.6)	124.9
2026	757.4	(441.9)	(128.6)	186.8
2027	790.1	(431.5)	(128.6)	229.9
2028	843.9	(318.0)	(128.6)	397.2
2029	890.5	(309.8)	(128.6)	452.2
2030	956.9	(299.4)	(128.6)	528.8
2031	1,004.5	(288.0)	(128.6)	587.9

(1) This represents the total annual (fiscal year) debt service requirement on all General Fund Paid debt issued through FY21. See Appendix A for detail.

The overall dollars available to pay debt service as determined in *Table III.1* is illustrated in *Table III.2* column 1 above. Columns 2 and 3 are the principal and interest payments for outstanding General Fund-Supported debt and for new authorized issuances respectively. The remaining dollars available to pay debt service (column 4) is determined by subtracting the outstanding and

[1] The *20-Bond Index* consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa3 rating and Standard & Poor's AA-minus rating.

planned issuance debt service (columns 2 and 3) from the overall calculated dollars available (column 1).

As outlined above, remaining dollars to pay for debt service on future State bonds varies over the forecast period as projected General Fund revenues change and as debt service requirements are amortized on existing State debt obligations. *Table III.3* displays the remaining dollars available to pay debt service on future debt issuance. The overall calculation of remaining General Fund dollars is based on the previously presented assumptions and with reductions each year to reflect the addition of new General Fund debt service.

Table III.3

Future General Fund Debt Capacity
Using Debt Service to General Fund 5% Target

	1	2	3	4	
Fiscal Year (ending June 30th)	**"Remaining" General Fund Dollars to Pay Debt**	**Maximum Amount of Additional Debt that May be Issued**	**(Less) Debt Service on Amount of Additional Debt that May be Issued**	**Net Dollars Remaining to Pay Debt Service**	**Debt Service as % of General Fund Revenues**
2022	106.1	-	-	106.1	4.1%
2023	59.8	54.1	(4.2)	55.6	4.5%
2024	99.8	1,243.7	(95.6)	-	5.0%
2025	124.9	327.3	(25.2)	-	5.0%
2026	186.8	805.2	(61.9)	-	5.0%
2027	229.9	560.9	(43.1)	-	5.0%
2028	397.2	2,176.1	(167.3)	-	5.0%
2029	452.2	714.4	(54.9)	-	5.0%
2030	528.8	997.4	(76.7)	-	5.0%
2031	587.9	768.1	(59.1)	-	5.0%
Future General Fund Paid Debt (Capacity)		**$ 7,647.1**			

Table III.3 accounts for all outstanding and planned issuance of General Fund-Supported debt, as authorized by the Legislature for the 2021-2023 Biennium, as well as the maximum amount of additional General Fund-Supported-debt that could be issued each year of the forecast period while staying within the Commission's target debt capacity target of 5% debt service to General Fund revenues.

Based on the analysis above, the Commission concludes that the General Fund-Supported debt issuance amounts illustrated in *Table III.3* would allow the State to issue a maximum of $7.6 billion in additional General Fund-Supported debt from FY 2023 through FY 2031 in addition to the $1.67 billion already authorized by the 2021 Legislature.

C. Capacity Considerations

The Commission emphasizes that while the State has the capacity to issue General Fund-Supported debt in the amounts outlined in *Table III.3*, issuance of State bonds at this level has significant budgetary impacts that can extend for long periods of time into the future. An increase in monies used to finance General Fund-Supported debt service could result in a reduction of funding for other State-supported programs, particularly in periods of economic downturns.

In addition, the Commission also cautions that while the current model shows that the State has substantial debt capacity over the forecast period, this capacity can sharply decline if there is a substantial drop in future General Fund revenue levels or if interest rates rise more than predicted in the model. To address the large backlog of capital needs throughout the state, the Commission recommends that the Governor and Legislature continue the policy of spreading debt capacity evenly over future biennia.

Table III.4, below, illustrates the averaging of the State's debt capacity over the forecast period. Using this approach, the State has $1.9 billion of general fund debt capacity in each biennium during the forecast period. This averaging approach results in Debt Service as a percent of General Fund revenues exceeding the 5% target in some years but ultimately returning to the 5% target by the end of the forecast period. This averaging approach provides a long-term planning tool for the funding for the State's highest priority capital projects over time, regardless of economic and revenue fluctuations that may occur over the forecast period.

Table III.4

Fiscal Year ending June 30th	Maximum Amount of Debt Issuance within 5% Target Capacity	GF Debt Service as a % of General Fund Revenues	SDPAC's Recommended Maximum Annual Amount of Debt Issuance[1]	GF Debt Service as a % of General Fund Revenues
2023	54.1	4.5%	54.1	4.5%
2024	1,243.7	5.0%	949.1	4.8%
2025	327.3	5.0%	949.1	5.2%
2026	805.2	5.0%	949.1	5.2%
2027	560.9	5.0%	949.1	5.4%
2028	2,176.1	5.0%	949.1	4.8%
2029	714.4	5.0%	949.1	4.9%
2030	997.4	5.0%	949.1	4.9%
2031	768.1	5.0%	949.1	5.0%
Total	**$7,647.1**		**$7,647.1**	

[1]Using the average issuance for each FY would result in annual debt service on each issuance of $949.1 million of $73 million per year for 23 years.

Table III.5 and *Table III.6* illustrate the potential impact of changing interest rates and revenues on the forecast of the State's General Fund debt capacity. Based on planned debt issuances of $1.67 billion over the 2021-2023 Biennium and estimates of General Fund revenues for the balance of the forecast period, remaining general fund capacity is $7.6 billion. Our interest rate sensitivity analysis indicates that a 1% increase in the assumed long-term interest rate would decrease capacity by $700.5 million *(Table II.5)* while a 1% decline results in increased capacity of $894.4 million.

Table III.5

Forecast of General Fund Debt Capacity With Changing Interest Rates FY 2023 - FY 2031 ($ Million)			
	Projected Debt Capacity at 4.5% Interest Rate	**5.5% Interest Rate (1.0% Increase)**	**3.5% Interest Rate (1.0% Decrease)**
Total	$ 7,647.2	$ 6,752.7	$ 8,347.6
Difference from Base Case		($ 894.4)	$ 700.5

Table III.6, below, evaluates the sensitivity of general fund debt capacity to changes in general fund revenues. As shown below, a 10% decline in revenue over the forecast period would decrease debt capacity by approximately $1.5 billion and a 10% increase in general fund revenue will increase general fund debt capacity by approximately $1.2 billion. *(Table III.6)*.

Table III.6

Forecast of General Fund Debt Capacity With Changing General Fund Revenue Forecasts FY 2023 - FY 2031 ($ Million)			
	Projected Debt Capacity with Current Long-Term General Fund Forecast	**10% Increase in Long-term GF Revenue Forecast**	**10% Decrease in Long-term GF Revenue Forecast**
Total	$ 7,647.2	$ 8,805.0	$ 6,191.8
Difference from Base Case		$ 1,157.9	($ 1,455.4)

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IV. LOTTERY-BACKED DEBT CAPACITY

Due to the importance of State Lottery Revenue for funding various State programs and activities, the Commission believes it is important to point out that the State's continued ability to issue Lottery Revenue bonds is predicated on the prudent management and sound fiscal position of the State Lottery program itself. Accordingly, for purposes of determining capacity, the Commission has chosen to view the Lottery Revenue bond program as distinct from both Net Tax-Supported and General Fund-Supported debt programs.

A. Unobligated Net Lottery Proceeds

Article XV, Section 4 of the Oregon Constitution requires the Legislative Assembly to appropriate Unobligated Net Lottery Proceeds or revenues to first repay Lottery bonds, before appropriating the proceeds for any other purpose.

In each fiscal year, and prior to the use of Unobligated Net Lottery Proceeds for any other purpose or expenditures, the State will apply Unobligated Net Lottery proceeds as follows:

- For the period July 1 to September 30 of each fiscal year, at least one-half of the debt service due during said fiscal year or total of all bond principal, interest, redemption payment and premium amount that is required to be paid by December 31 of the fiscal year; and
- For the period October 1 through June 30 of the same fiscal year, an amount that is at least the remaining balance of debt service due on outstanding Lottery Revenue Bonds prior to the end of the fiscal year.

The Unobligated Net Lottery Proceeds consist of all revenues derived from the operation of the State Lottery except for revenues used for the payment of prizes and expenses of the State Lottery.

Once debt service on Lottery Revenue Bonds is paid according to the Lottery Revenue Bond Indenture provisions, the remaining Lottery Revenue is distributed to the Education Stability Fund, the Parks and Natural Resources Fund, the Veterans Services Fund, and the Outdoor School Education Fund, as required by the Constitution. Excess Lottery Revenue is then allocated and applied to certain economic development and educational purposes. The Education Stability Fund and the Parks and Natural Resources Fund are allocated 18 percent and 15 percent respectively of unobligated net proceeds; the Veteran Services Fund receives 1.5 percent, and the Outdoor Education Fund receives the lesser of 4 percent or $22 million per year. In addition, an amount of not less than 1% of net Lottery proceeds is allocated to the Problem Gambling Treatment Fund, which is separate and distinct from the General Fund. Article XV, Section 4 of the Oregon Constitution and applicable Oregon law allocate any remaining amounts to various economic development and public education projects as authorized.

In 2019, SB 1049, an act relating to the public employee retirement system was enacted. Among other provisions of the Act, SB 1049 Section 42-44 directs the Oregon State Lottery Commission to separately record and account for the costs and net proceeds of Sports Betting Games and certify such revenue transfer to Oregon Department of Administrative Services and DAS shall make annual transfer of the amount equal to the net proceeds of sports betting games to the Employer Incentive Fund under PERS. Although these revenues are earmarked for PERS, such transfer under SB 1049 does not affect the amount of Unobligated Net Lottery Revenue for debt service coverage purposes.

The forecast summary of net Lottery Revenue is presented in *Table IV.1.* Total available Lottery resources are net of Lottery prizes and administration. Also shown are the projected debt service for outstanding Lottery bonds and the projected debt service coverage ratio as of June 30, 2021; assuming that no additional Lottery bonds are issued either this biennium or in the future.

Table IV.1

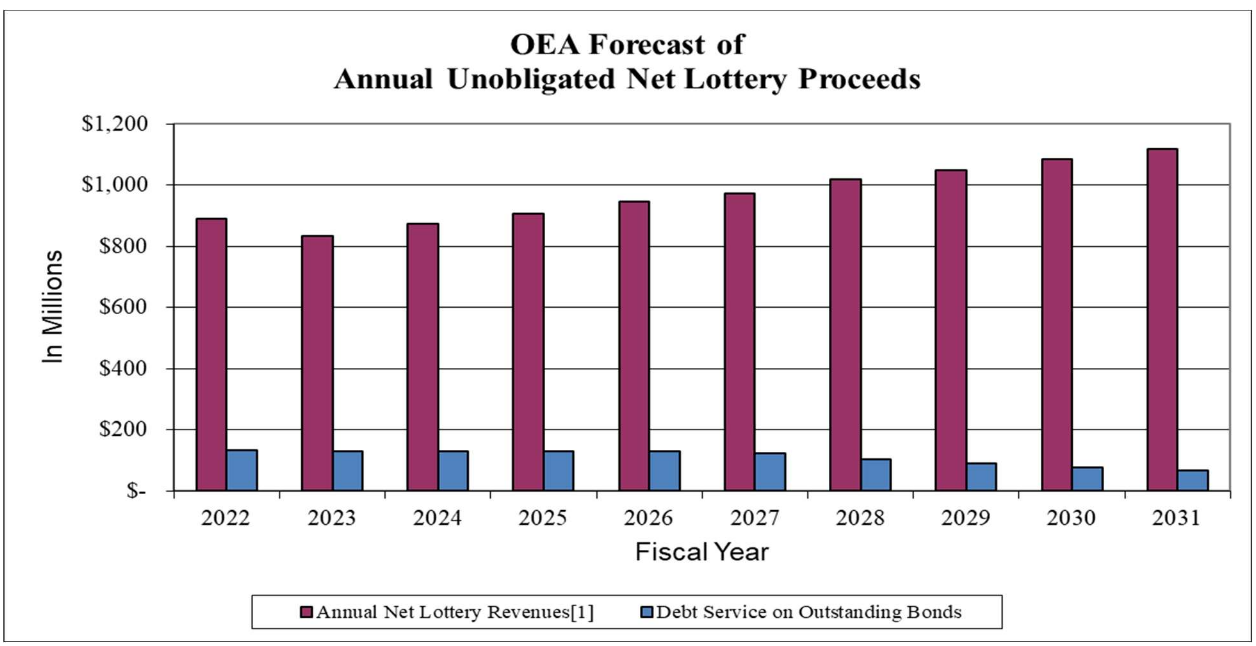
Forecast of Lottery Revenue and Debt Service Coverage Ratios ($ Millions)

Fiscal Year	Annual Net Lottery Revenue[1,2]	Debt Service on Outstanding Bonds	Projected Debt Service Coverage
2022	$ 888.5	131.7	6.7
2023	834.2	129.8	6.4
2024	872.3	129.9	6.7
2025	907.8	129.9	7.0
2026	946.0	129.9	7.3
2027	972.8	123.0	7.9
2028	1,017.3	104.6	9.7
2029	1,049.6	91.5	11.5
2030	1,083.6	77.5	14.0
2031	1,118.7	67.9	16.5

[1] Oregon Office of Economic Analysis, Oregon Economic and Revenue Forecast, December 2021

Exhibit IV.1 below graphically displays the debt service on outstanding Lottery Revenue bonds relative to total Lottery Revenue, the difference of which is proceeds available to the State for other purposes.

Exhibit IV.1



[1] Oregon Office of Economic Analysis, Oregon Economic and Revenue Forecast, December 2021.
[2] Includes Lottery bonds issued through June 30, 2021.

B. Lottery Revenue Debt Capacity and Coverage Ratios

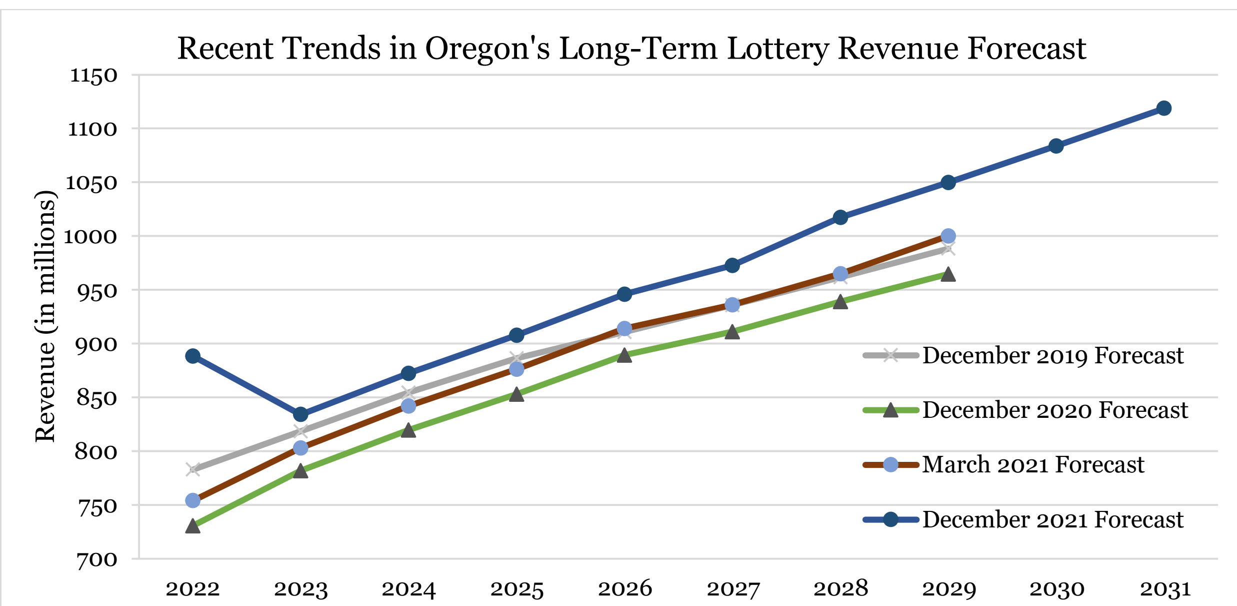
The most appropriate means of determining future debt capacity for this program is its current legal debt service coverage requirements. The extent to which available revenue pledged to repay this debt service exceeds the debt service requirement on existing and planned issuance is referred to as the debt service coverage ratio.

The State's Lottery Revenue Bond Indenture requires that combined existing and proposed lottery debt service may not be more than 25 percent of net unobligated Lottery Revenue, which means that the debt service coverage ratio should not fall below a four times coverage. The four-times coverage ratio is viewed by rating agencies as a conservative yet realistic level and is incorporated in the State's Lottery Revenue bond indenture as a general bond covenant. This means that for the State to issue new Lottery-backed bonds, unobligated net Lottery Revenue must be at least four times the maximum annual debt service on all outstanding Lottery bonds, with the debt service on new proposed Lottery bonds treated as part of the debt service ratio calculation.

Lottery Revenue has demonstrated significant volatility and as shown the COVID-19 pandemic has the propensity to experience large declines if gaming facilities are not accessible, as video gaming accounts for a substantial portion of Lottery Revenue. In October 2019, sports betting was introduced by the Oregon State Lottery and is now included in the long-term revenue forecast but represents less than 2 percent of net proceeds. OEA's most recent forecast of long-term Lottery Revenue is higher than the pre-pandemic 2019 COS Forecast and the March 2021 Forecast used to establish the 2021-23 Biennium capacity limits.

As *Exhibit IV.2.* shows, while the December 2021 Forecast is higher than the amounts presented in the 2019, 2020 and 2021 SDPAC reports. The December 2021 Forecast records a significant dip in from FY 2022 to FY 2023 due to the assumption that normal consumption pattern resume and Oregonians have more entertainment and travel options available, if COVID 19 remains contained. The outlook in the December 2021 Forecast is for strengthening Lottery revenues going forward.

Exhibit IV.2



Source: Oregon Office of Economic Analysis, December Economic and Revenue Forecast Reports, 2018 - 2021.

Based on the December 2021 Forecast projections of Annual Unobligated Net Lottery Proceeds and the targeted four-times (4.0) coverage ratio, as displayed in *Table IV.2*, the estimated available dollars for annual debt service ranges from $888.5 million in FY 2022 to $1,118.7 million in FY 2031 which is up from recent forecasts.

The following calculation is used to determine maximum annual lottery debt service:

Unobligated Net Lottery Revenue ÷ Required Coverage Ratio = Maximum Annual Debt Service

For FY 2022, the maximum annual debt service supportable by forecasted FY 2022 Lottery Revenue in the December 2021 Forecast is as follows:

$888.5 million ÷ 4 Times Coverage = **$222.1 million**

To arrive at the capacity for new Lottery Revenue bonds, total debt service on outstanding lottery bonds and the debt service of the proposed new lottery revenue bonds must fall within the allowable maximum annual debt service.

The capacity forecast for Lottery Revenue bonds, illustrated in *Table IV.2*, accounts for:

- All outstanding Lottery Revenue bonds as of June 30, 2021; and
- Assumes the issuance of $246 million of the $492 million Lottery Revenue bonds authorized for the 2021-23 Biennium are issued in FY 2022 and the remaining authorized amount is issued in FY 2023; and
- Estimates future capacity to issue additional Lottery Revenue bonds from FY 2022 through FY 2031, using the December 2021 Forecast.

Projected net unobligated Lottery Revenue available to pay Lottery Revenue bond debt service are displayed in *Table IV.2* column 1. The Lottery Revenue bond debt service, as presented in *Table IV.2* column 2, accounts for existing debt service, as of June 30, 2021.

Table IV.2 column 4 shows projected debt service for FY 2022 through FY 2031 resulting from the issuance of additional Lottery Revenue bonds at the required coverage of four-times unobligated net Lottery Revenue. Based on the assumptions provided above, there is a projected maximum of $2.26 billion in Lottery Revenue bond capacity for the forecast period FY 2022 through FY 2031.

Based on the December 2021 Forecast, aggregate Lottery Revenue bond capacity in the current biennium and over the forecast period (FY 2022 -FY 2031) is $2.26 billion.

The table below uses the December 2021 Forecast and assumes the issuance of $492 million of Lottery Revenue Bonds in the FY 2021. In addition, our model indicates that forecasted Lottery Revenue will support the issuance of $2.26 billion over the forecast period (FY 2022 – FY 2031).

Table IV.2

Lottery Debt Capacity Determination ($ Millions)								
Fiscal Year	**Estimated Lottery Revenues Available to Pay Debt Service**	**Debt Service Bonds Outstanding As of June 30, 2021**	**Debt Service on Planned Issuance of debt**	**Maximum Amount of New Debt That May Be Issued**	**Projected Debt Service on Additional Issuance**	**Total Debt Service (Existing, Planned, and Future)**	**Debt Service Ratio**	**Debt Service as a % of Lottery Revenues**
2022	888.5	(131.7)		-		(133.5)	6.7	15%
2023	834.2	(129.8)	(18.9)	23.2	(1.8)	(150.5)	5.5	18%
2024	872.3	(129.9)	(37.8)	632.4	(48.6)	(218.1)	4.0	25%
2025	907.8	(129.9)	(37.8)	115.4	(8.9)	(226.9)	4.0	25%
2026	946.0	(129.9)	(37.8)	124.3	(9.6)	(236.5)	4.0	25%
2027	972.8	(123.0)	(37.8)	176.4	(13.6)	(243.2)	4.0	25%
2028	1,017.3	(104.6)	(37.8)	383.4	(29.5)	(254.3)	4.0	25%
2029	1,049.6	(91.5)	(37.8)	276.2	(21.2)	(262.4)	4.0	25%
2030	1,083.6	(77.5)	(37.8)	293.0	(22.5)	(270.9)	4.0	25%
2031	1,118.7	(67.9)	(37.8)	238.7	(18.4)	(279.7)	4.0	25%
Max. Lottery New Debt Capacity				**2,262.9**				

C. Other Lottery Revenue Capacity Considerations

As is the case with General Fund-Supported debt capacity, the Commission recommends that projected Lottery Revenue debt be evenly spread out over time, to ensure that the State does not overcommit this scarce resource. *Table IV.3* displays the Commission's recommended approach to allocating Lottery debt capacity over time, an approach that has historically protected the high credit ratings on the State's Lottery Revenue bonds in times when Lottery Revenue have dropped sharply.

The Oregon Lottery launched online sports betting in October 2019, with the resulting increase in net Lottery proceeds that this new program is expected to generate now incorporated into both the long-term Lottery Revenue and Lottery debt capacity forecasts.

Table IV.3

Recommended Allocation of Additional Lottery Revenue Debt Capacity ($ Million)(Numbers may not sum due to rounding)			
Fiscal Year (ending June 30th)	**Maximum Annual Amount of Additional Debt Recommended (Average)**	**Debt Service Coverage Ratio on Current, Planned & Recommended Average Issuance**	**Debt Service as % of Net Lottery Revenue**
2022		6.7	15%
2023	23.2	5.5	18%
2024	280.0	4.6	22%
2025	280.0	4.3	23%
2026	280.0	4.0	25%
2027	280.0	3.9	26%
2028	280.0	4.0	25%
2029	280.0	4.0	25%
2030	280.0	4.0	25%
2031	280.0	4.0	25%
Max. New Debt Capacity	**$ 2,263**		
Total may not sum due to rounding.			

On occasion, the State has been required to issue a portion of its Lottery Revenue bonds on a taxable basis; generally, taxable Lottery Revenue bonds have funded economic development activities that do not fit into the Federal government's tax rules regarding "qualified" private activity. Bonds issued on a taxable basis result in a higher overall interest rate than the tax-exempt rates assumed in the capacity calculation above. In addition, proposed changes in the Federal tax code that may reduce or eliminate tax-exemption could also further reduce long-term Lottery bond capacity, as these changes would increase the interest cost paid by the State to investors on future State bond issues.

Table IV.4 illustrates the impact of changes to long-term interest rate assumptions in the Lottery debt capacity model. Based on current estimates of annual unobligated net Lottery Revenue and the assumed long-term interest rate of 4.5%, the capacity of Lottery Revenue to support additional bond issuance is calculated to be $2,262.9 million over the balance of the forecast period. A 1% increase in the projected long-term interest rate on these bonds to 5.5% would reduce the maximum available capacity over this period by approximately $200.8 million; conversely, a reduction in the interest rate assumption by 1% to 3.5% would add roughly $278.3 million in capacity over the forecast period.

Table IV.4

Forecast of Lottery Revenue Debt Capacity*
From FY 2022 to FY 2031
at Various Assumed Interest Rates
($ Million)

	4.5 % Interest Rate	**3.5 % Interest Rate (1% Decline)**	**5.5 % Interest Rate (1% Increase)**
Total	$2,262.9	$2,541.2	$2,062.1
Difference from Base Case		$278.3	($200.8)

As the recent past has demonstrated, downward revisions in projected long-term Lottery Revenue have had a substantial impact on projections of future Lottery bond capacity. As shown in *Table IV.5*, a 10% reduction in unobligated net Lottery Revenue over the forecast period would reduce the available debt capacity by $363.8 million over the next four biennia. Conversely, as *Table IV.5* illustrates, a 10% increase in projected Lottery Revenue would add $363.8 million to the long-term debt capacity over the forecast period.

Table IV.5

Forecast of Lottery Revenue Debt Capacity*
With Changing Lottery Revenue
($ Million)

	Current Lottery Capacity Projection (From *Table IV.2*)	**10% Decrease in Unobligated Net Lottery Revenue**	**10% Increase in Unobligated Net Lottery Revenue**
Total	$2,262.9	$ 1,899.1	$ 2,626.7
Difference from Base Case		$(363.8)	$363.8

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V. NET TAX-SUPPORTED DEBT

Net Tax-Supported debt (NTSD) is defined as all debt serviced by tax revenues of the State. Based on the approach taken by rating agencies, this definition encompasses General Fund-Supported debt, as well as all Pension Obligation Bonds and Certificates of Participation that are characterized as self-supporting in Section III.B of this report, all Lottery Revenue bonds and all State Highway revenue bonds. *Exhibit I.2* in the section titled "Bonding in Oregon," provides a comparison of the State's total outstanding gross debt, General Fund-Supported debt, and Net Tax-Supported debt as of June 30, 2021. The State's Net Tax-Supported debt, as of June 30, 2021, was $8.83 billion.

Lottery Revenue bonds are included in the calculation of Net Tax-Supported debt even though they are special obligations of the State with debt service for the bonds coming from non-tax resources, that is, discretionary lottery purchases. However, because Lottery Revenue bonds are also secured by a "moral obligation" pledge of the State and a statutory commitment to request appropriated funds for any deficiencies in reserves or inability to pay debt service, these bonds are considered tax-supported and included in rating agency calculations of Net Tax-Supported debt.

Given the importance of Lottery Revenue bonds to the State's overall capital planning process, Lottery Revenue bond capacity is discussed separately in the previous section of this report.

The definition of Net Tax-Supported debt omits a variety of other self-supporting debt obligations issued by the State that were designed to be self-supporting in all but the most extreme circumstances. General obligation bonds sold on behalf of the Oregon Veterans' Home Loan Program, the Pollution Control Loan Program, and the Oregon Housing and Community Services Department's Elderly and Disabled Mortgage Loan Program are examples of this category of self-supporting GO debt. These GO bond programs are expected to fully repay all GO bonds issued on their behalf from the loan revenue streams they receive over time from borrowers, while maintaining adequate loan reserves to cover any temporary shortfalls in loan repayments.

This same type of self-supporting financial structure is built into the Single and Multifamily Housing mortgage revenue bond loan programs and the Infrastructure Finance Authority's Bond Bank loan program, as well as all conduit revenue bonds sold by the State. While certain revenue and self-supporting GO bond debt programs are included on the State's gross debt balance sheet, these bond programs have a long history of paying their obligations with non-tax revenue resources and are therefore not included in the calculation of NTSD. While a large economic or natural disaster (e.g., a major seismic event) might temporarily impact loan repayments on some of these self-supporting loan programs (which is the reason that strong loan reserves are needed), it remains reasonable to exclude these programs from the NTSD calculation until such time that a State loan program actually requires the use of the State's tax resources to repay bonds issued on its behalf.

Table V.1 lists the 2021-2023 Biennium Net Tax-Supported debt authorizations approved by the 2021 Legislature. For purposes of this *2022 Legislative Report*, it is assumed that all authorized Net Tax-Supported debt will be issued during the 2021-2023 Biennium. GO bonds issued for General Purposes (Article XI-Q); Higher Education facilities and Community College matching grants (Article XI-G); Public School Construction matching grants (Article XI-P); and Seismic Upgrade grants to schools (Article XI-M), along with Lottery Revenue and Highway User Tax Revenue Bonds make up the majority of new net tax-supported debt planned for issuance this biennium.

Table V.1

Net Tax-Supported Debt Authorizations
2021-23 Biennium Bond Bill

Type & Purpose	Authorized to be Issued in 2021-23
General Obligation Bonds	
Community College Bonds (Article XI-G)	$42,840,000
Higher Education Facility Bonds (Article XI-G)	77,160,000
DEQ – Pollution Control Bonds (Article XI-H)	10,300,000
Seismic Upgrade Bonds for Public Schools (Article XI-M)	111,300,000
Seismic Upgrade Bonds for Public Safety Facilities (Article XI-N)	50,750,000
School Construction Bonds (Article XI-P)	126,090,000
DAS General Purpose GO (Article XI-Q)	1,254,710,436
Total General Obligation Bonds	$1,673,150,436
Direct Revenue Bonds	
Lottery Revenue Bonds	492,440,000
Highway User Tax Revenue Bonds	880,000,000
DAS General Purpose GO (Article XI-Q)	224,634,564
Appropriation Credits	
DAS Financing Agreements (ORS 283 & 286A)	-
Total Net Tax-Supported Debt Authorizations	$3,270,225,000

Two measures commonly used by rating agencies and municipal analysts to gauge a state's overall debt burden include:

- Net Tax-Supported Debt Per Capita, and
- Net Tax-Supported Debt as a Percentage of Personal Income.

Prior to FY 2003, Oregon's debt burden was well below the 50-state medians as calculated by Moody's Investors Service. For the past 18 years, however, Oregon's debt burden per capita has exceeded national averages. The significant increase in Oregon's debt since FY 2003 commenced with the issuance of $2.1 billion in pension obligation bonds and continued with the growth in Lottery and Highway User Tax revenue bond issuances to fund high priority economic development and transportation projects around the state.

In its *June 2021: Medians - State Debt rose 2.5% in 2020, spurred by pandemic-linked borrowing* (which uses calendar year 2020 data), Moody's determined the average NTSD per capita for the 50 states was $1,535 and the median was $1,039.[1] The average NTSD as a percentage of income was reported at 2.5% and the median at 1.9%. By comparison, Oregon's NTSD ranked 18th highest nationally in terms of Net Tax-Supported debt outstanding in 2020, but 12th highest in terms of Net Tax-Supported debt per capita at $2,018 and 14th in Net Tax-Supported debt as a percentage of personal income at 3.5%. Although information reported by the rating agencies may be modestly different from those presented by the State, the comparisons and relative positioning of the State when compared others is as expected.

[1]Moody's June 14, 2021, Report: *Medians – State debt rose 2.5% in 2020, spurred by pandemic-linked borrowing*

As *Table V.2* illustrates at the end of FY 2021, Net Tax-Supported debt totaled $8.83 billion with debt ratios of $2,069 per capita and 3.46% of personal income. Based on the issuance of an estimated $1.64 million of the authorized debt over the FY 2022 and $598 million scheduled amortization of principal on outstanding bonds, it is projected that the State's Net Tax-Supported debt will increase to approximately $9.870 billion by the end of the FY 2022.

Table V.2

State of Oregon
Net Tax-Supported Debt Ratios
(Change from End of Last Biennium)

Fiscal Year Ending June 30th				
	FY 2020 (Actual)	**FY 2021 (Actual)**	**FY 2022 (Projected)**	**FY 2023 (Projected)**
Net Tax-Supported Debt ($bn)	$8.39	$8.83	$9.87	$10.82
Population*	4,268,055	4,266,560	4,296,800	4,331,100
Personal Income * ($bn)	$238.30	$254.90	$256.60	$270.90
NTSD Per Capita	$1,966	$2,069	$2,296	$2,499
NTSD as a % of Personal Income	3.52%	3.46%	3.84%	4.00%
Pension Obligation Bonds Excluded				
NTSD Per Capita	$1,645	$1,781	$2,046	$2,290
NTSD as a % of Personal Income	2.95%	2.98%	3.43%	3.66%

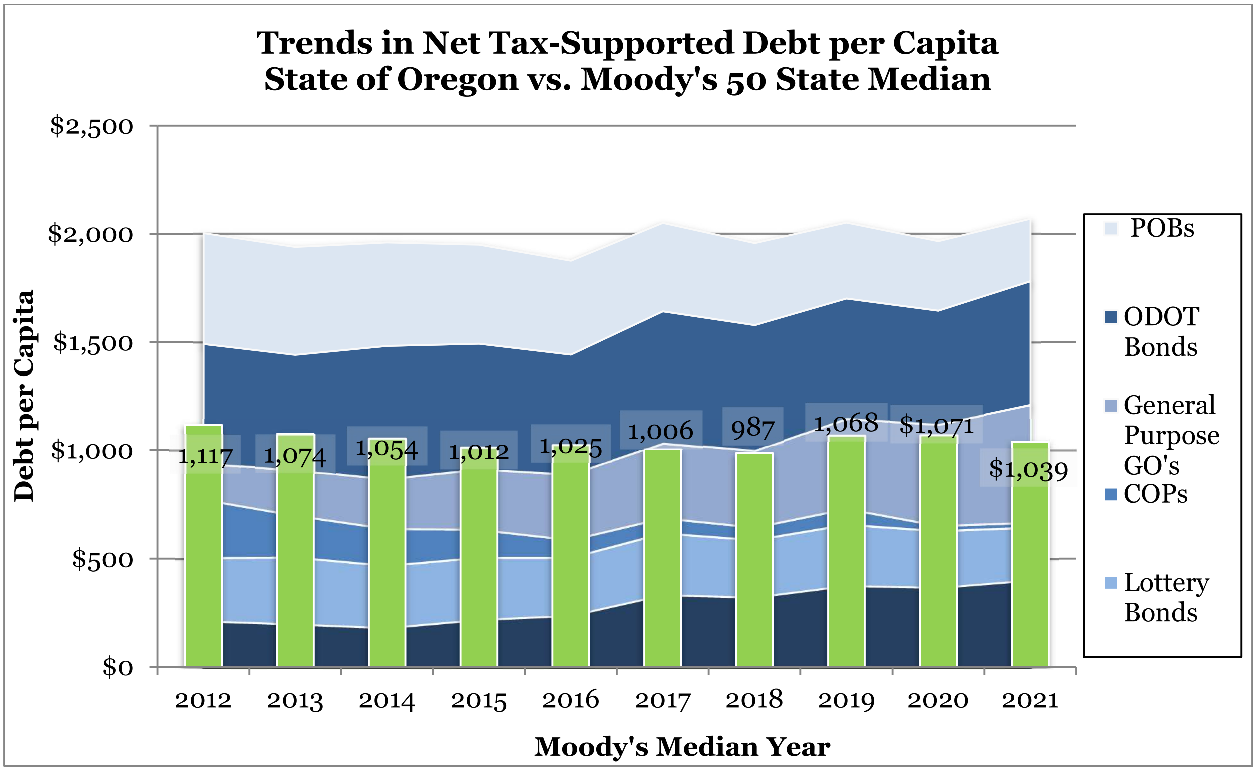
*Source: Oregon Office of Economic Analysis, December 2021 Economic and Revenue Forecast

Rating agencies typically calculate total Net Tax-Supported debt both with and without pension obligation bonds. In this way, they do not penalize states that issue POBs in comparison to other states that may not have issued POBs yet may still have sizable unfunded pension liabilities. For Oregon, if pension obligation bonds are excluded from the NTSD calculation shown in *Table V.2*, the estimated FY 2021 debt burden is $1,781 per capita and 2.98% of personal income.

Debt Ratio Comparisons

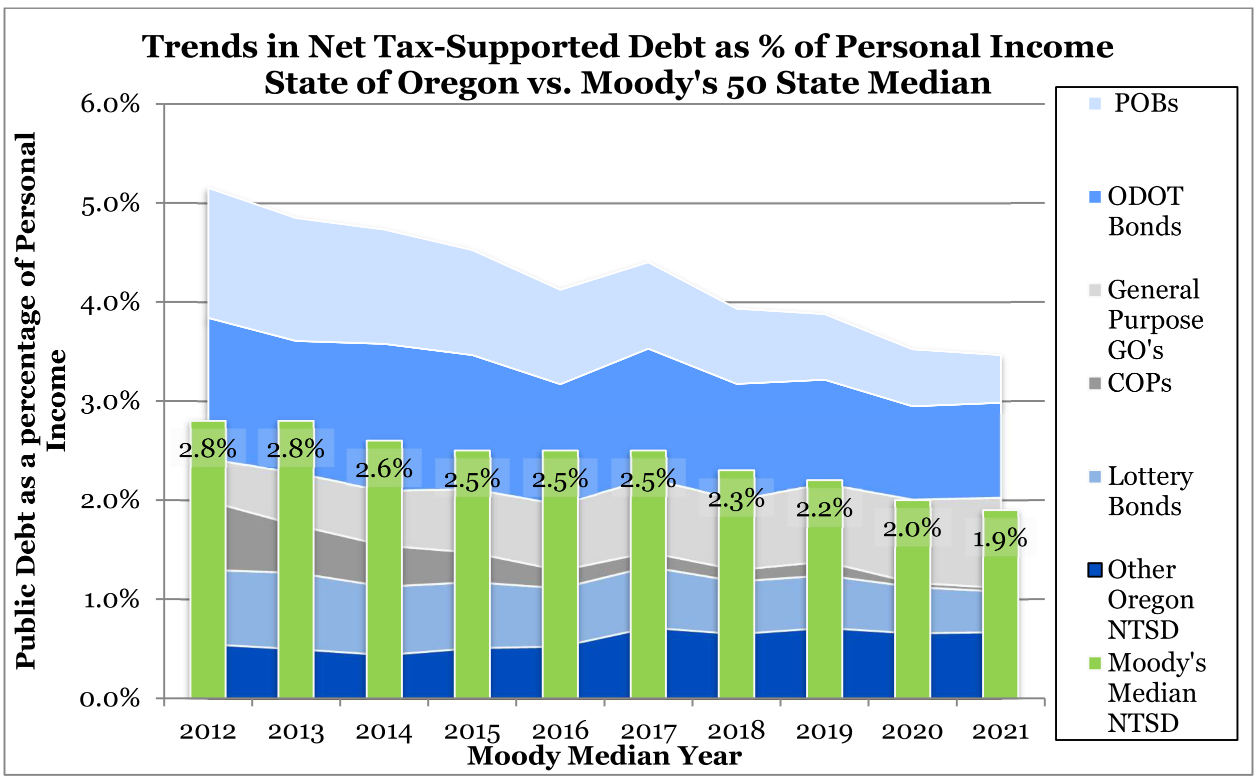
At the time of this report, Oregon's general obligation debt was rated Aa1 by Moody's, and AA+ by both Standard & Poor's and Fitch Investors Service. *Exhibits V.1a & V.1b* compare Oregon's NTSD ratios over the past decade with the Moody's median ratios of all 50 states. Prior to FY 2003, Oregon's debt ratios compared favorably to the national averages, with Oregon generally having lower ratios than states with higher credit ratings. Since that time, the State has issued a substantial amount of new debt to address unfunded pension liabilities, economic development, highway modernization, and public safety needs. As *Exhibit V.1a* below shows, Oregon's current per capita debt burden has remained above Moody' national medians due to the aforementioned inclusion of both POBs, Lottery Revenue bonds and Highway User Tax bonds for various Oregon Department of Transportation (ODOT) projects. *Exhibit V.1b* below shows that while Oregon's NTSD as a percentage of personal was well above the 50-state median in FY 2011 at 5.5%, this ratio has dropped dramatically to FY 2021 levels of 3.46% as personal income levels have increased across the State.

Exhibit V.1a



Source: Moody's Median Reports, 2012-2021.

Exhibit V.1b



Source: Moody's Median Reports, 2012-2021

[1] Moody's *2020 State Debt Medians* reflect NTSD as of the end of calendar year 2020.

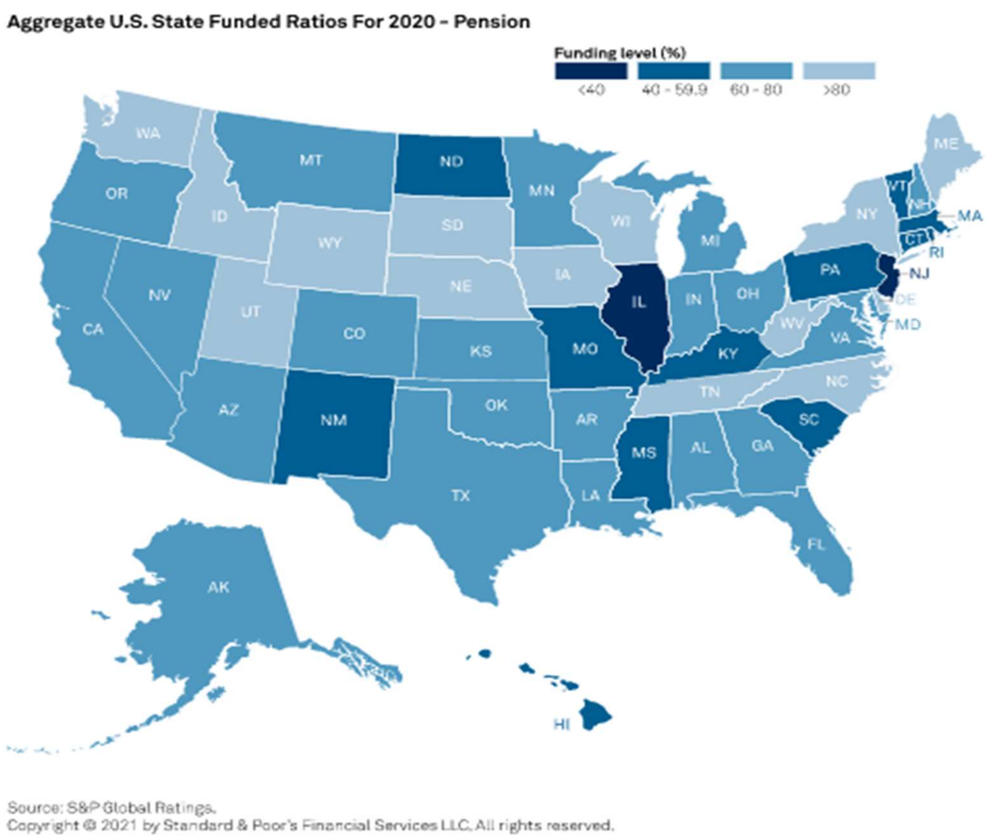
Overall State Long-term Liabilities

Given the growing awareness of unfunded long-term pension liability, the rating agencies have taken a more comprehensive approach to the tracking of overall state long-term liabilities; their reports include both the public indebtedness and the net unfunded pension liability of each state as reported in their Annual Comprehensive Financial Reports (ACFRs) as part of their overall 50 state debt ratio analysis. *Exhibit V.2* displays a graph using data from Standard & Poor's (S&P) most recent pension report, entitled " *U.S. States Weigh Risk Reduction In Manageing Pension and OPEB Liabilities*", dated Septemebt 20, 2021. This report shows the net pension and OPEBliability as well as the funded ratio for the pension systems and other post employment benefits (OPEB) of all fifty states, as reported in their ACFRs for FY 2020.

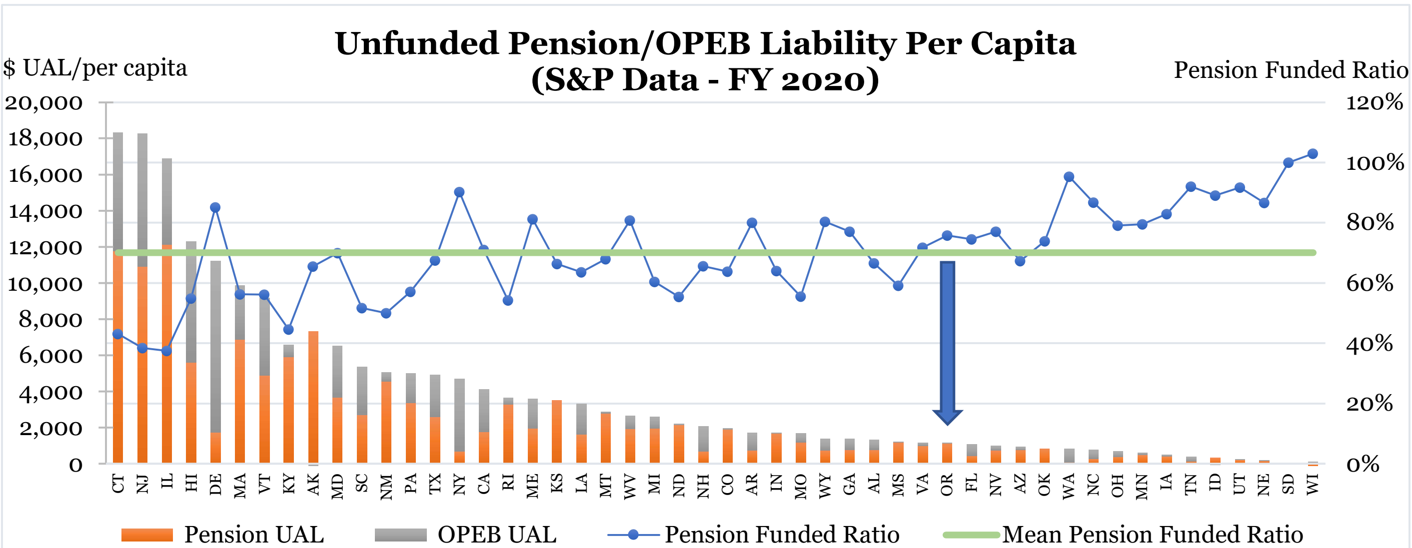
As reported by S&P at 75.8% funded in FY 2020, Oregon's pension funded status ranked 20th highest among states and above the 70% median funded ratio for all states. When combined with the unfunded OPEB liability, Oregon's aggregate pension and OPEB liability on a per capita basis, as reported by S&P ranks 15th among all 50 states in terms of funded status. The following chart illustrates the S&P data and Oregon's relative position assuming the FY 2020 data presented by S&P.

Exhibit V.2 illustrates S&P's categorization of Oregon as one of the 21 states with pension funded ratios of 60 to 80% using fiscal year 2020 data.

Exhibit V.2



The following chart illustrates comparative unfunded pension and OPEB obligations for each of the 50 states as reported by Standard & Poor's (S&P) in its September 20, 2021, report: *U.S States Weigh Risk Reduction In Managing Pension And OPEB Liabilities* using FY 2020 data. As shown below, Oregon has a low per capita unfunded pension and OPEB obligations when compared to many states. Further, it demonstrates that Oregon's pension funded status is above the mean funding level for all states and that Oregon's pension funding burden is low in comparison to other states.



Source: S&P September 20, 2021, report: *U.S. States Weigh Risk Reduction In Managing Pension And OPEB Liabilities*

The aforementioned S&P report also compares the combined public debt and unfunded pension and other post-employment liabilities per capita for each state as compared to its gross state product, which provides great insight as to the portion of each state's financial resources are required to manage their overall state long-term liabilities. For FY ending 2020, the State of Oregon's combined Net Tax-Supported debt and unfunded pension and OPEB liability was $3,338 on a per capita basis of 5.98% of personal income and 5.62% of Gross State Product, which is well within the range of debt affordability levels. The following table adds the State's unfunded liability to Net Tax-Supported debt over the last several years.

Oregon Balance Sheet Liability Ratios (NTSD and Unfunded Liability)			
$ billion	**FY 2019**	**FY 2020**	**FY 2021**
Net Tax Supported Debt ($Bn)	$8.70	$8.39	$8.83
State Net Pension & OPEB Liability[1] ($Bn)	6.26	5.86	7.17
Total Balance Liability ($Bn)	$14.96	$14.25	$16.00
Population	4,236,400	4,268,055	4,266,560
Balance Sheet Liability Per Capita	$3,532	$3,338	$3,750
Personal Income ($Bn)	$224.30	$238.30	$254.90
Balance Sheet Liability - % of Personal Income	6.67%	5.98%	6.28%
Gross State Product ("GSP")	$241.98	$227.09[2]	$264.11[2]
Balance Sheet Liability - % of GSP	6.18%	6.27%	6.06%

[1]Pension data represents the calendar year preceding the close of Fiscal Year
[2]Bureau of Economic Analysis data as of Q2 2020 and Q2 2021, published December 2021

Impact of Recent PERS Development

In October 2021, the PERS Board formally adopted a reduction in the assumed rate of interest from 7.20% to 6.90%.Reduction in the assumed rate had the effect of increasing the unfunded liability. In the December 2020 Valuation Report, released in December 2021, PERS includes the full impact of the increase in the unfunded liability attributable to the lower assumed rate and other factors. PERS' valuation report for the State Agencies shows an increase in the State's portion of the unfunded liability of $1.3 billion from $5.86 billion in the 2019 Actuarial Valuation Report to $7.17 billion in its December 2020 Actuarial Valuation report, released in December 2021. This number incorporates the State's portion of the increased unfunded liability as a result of the reduction in PERS' actuarial assumed rate.

In June 2021, Oregon Investment Commission's revised PERF investment portfolio mix to a more conservative structure that is comprised of 30% Public Equity, 20% Private Equity, 20% Fixed Income, 2.5% Risk Parity, 12.5% Real Estate, and 7.5% Real Assets and 7.5% Diversifying Strategies. This strategy reflects the OIC efforts to reduce the risk of the OPERF investments. These percentages provide guidance on asset allocation and may vary with changes in valuation or at the discretion of the OIC in consideration of the OPERF investment policy.

The Oregon Public Employees Retirement Fund (OPERF) investments have shown strong performance over the recent past. For the fiscal year ended June 30, 2021, OPERF investments returned 23.4%. Further, over the last 10 years, OPERF investment returns have averaged 8.4%. OPERF's returns have permitted the PERS to systematically reduce its actuarial assumed interrest rate from 8% in 2010 to 6.90% in 2021, without a material deterioration in the funded status. The rating agencies generally view reductions in assumed interest rates as favorable.

The Commission notes that investment returns fluctuate and are not predictable. The historical returns of the OPERF are not indicators of future plan performance. Market dynamics could result in adverse investment performance, which if experienced, could have the effect of increasing the State's unfunded liability and therefore the State's future employer contributions. The rating agencies are increasingly evaluating state pension and OPEB liabilities in their ratings decisions given the potential budgetary impacts of large unfunded liabilities and large debt burden. States with high unfunded pension liabilities and high burden are generally rated lower than those that have more manageable balance sheet debt position.

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VI. NON-TAX-SUPPORTED DEBT

For several of the State's largest bonding programs, the majority of their bonds do not fall under the definition of either General Fund-Supported debt or Net Tax-Supported as used in this report. These programs include:

- Veterans' Welfare General Obligation GO Bonds (Article XI-A);
- Higher Education Building Project GO Bonds (Article XI-F(1));
- OHCSD[1] Elderly & Disabled Housing Project GO Bonds (Article XI-1(2));
- OHCSD[1] Single-Family & Insured Multi-Family Revenue Bonds (ORS 456.661);
- Pollution Control GO Bonds (Article XI-H) (46% of Total);
- Alternate Energy Project GO Bonds (Article XI-J) (60% of Total):
- Oregon School Bond Guaranty Program (Article XI-K);
- Oregon Infrastructure Authority Bond Bank Revenue Bonds; and
- Conduit or "Pass Through" Revenue Bond Programs.

These programs were designed and intended to be fully self-supporting from enterprise revenues or loan repayments and under normal circumstances are not expected to require a draw on General Fund or special tax revenues. Therefore, it is less meaningful to discuss their capacity in the same terms with which we discuss Net Tax-Supported or General Fund supported debt programs. However, it is understandable that these programs cannot issue debt unconditionally without consequence because, with the exception of conduit revenue bonds, they represent an exposure to the financial resources and reputation of the State. Capacity for these programs is more appropriately judged by reflecting the need for sound management and lending practices, as well as careful consideration of the economic circumstances unique to each program. The Commission proposes that capacity for these programs is more appropriately based on ongoing review of constitutional and statutory limitations, program needs, sound program management practices, and biennial review and approval of debt program issuance rather than a specific dollar limit capacity.

[1] Oregon Housing and Community Services Department.

Table VI.1

Debt Issuance Considerations for Non-Tax-Supported Bond Programs

NON-TAX-SUPPORTED DEBT PROGRAM	BASED ON:
Veterans' Welfare General Obligation Bonds *Article XI-A*	• Demand for loan program services; • Annual cash flow projections; • Legal limitations (8% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Higher Education Building Projects General Obligation Bonds *Article XI-F(1)*	• Need for capital building projects; • Revenue producing capacity of desired projects; • Projects are self-supporting without requiring any General Fund revenues to cover debt service; • Legal limitations (0.75% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Pollution Control Projects General Obligation Bonds *Article XI-H*	• Demand for loan and grant program services; • Wastewater loans to communities are self-supporting without requiring any General Fund revenues to cover debt service; • Bonds used to fund grants for clean-up of orphan sites require General Fund debt service support • Legal limitations (1% of State TCV)
Alternate Energy Project General Obligation Bonds *Article XI-J*	• Local community/region energy needs; • Applicant screening; • Technical review; • Legal limitations (0.5% of State TCV); • Governor's budgetary review; • Biennial Legislative Authorization; and • Central debt management review.
Oregon School Bond Guaranty Program General Obligation Bonds *Article XI-K*	• May be triggered if state has to pay district debt service; • State-Aid may be intercepted for debt service payments; • May levy a district-specific or statewide property tax to repay bonds; • State's full faith in credit; and • Legal Limitation (0.5% of State TCV).

<table>
<tr><td>Infrastructure Finance Authority
Bond Bank
Program Revenue Bonds
ORS Chapter 285B</td><td>• Municipality water and wastewater system needs;
• Municipality infrastructure needs;
• Legal limitations (0.5% of State TCV);
• Governor’s budgetary review;
• Biennial Legislative Authorization; and
• Central debt management review.</td></tr>
<tr><td>Elderly & Disabled Housing Project
General Obligation Bonds
Article XI-I(2)
and
Single-Family & Multi-Family
Revenue Bonds
ORS 456.661</td><td>• Demand for mortgage program services;
• Continued strict applicant screening and eligibility requirements;
• Annual cash flow review;
• Legal limitations;
  ▪ Elderly & Disabled (0.5% of State TCV)
  ▪ Single & Multifamily ($2 billion)
• Governor’s budgetary review;
• Biennial Legislative Authorization; and
• Central debt management review.</td></tr>
<tr><td>Conduit Revenue Bond Programs
Oregon Facilities Authority
Industrial Development Revenue Bonds
Housing Development Revenue Bonds
Beginning & Expanding Farmer Loan Revenue Bonds</td><td>• Conduit borrower’s ability to pay debt service on intended projects;
• Evaluation of market impact of conduit issues on other State issues;
• Biennial Legislative Authorization; and
• Central debt management review.</td></tr>
</table>

A. Veterans' Welfare Bond Program

As noted earlier, the Oregon Department of Veterans' Affairs (ODVA) is authorized to issue bonds to finance mortgage loans to eligible veterans. Although bonds outstanding under this program are fully self-supporting (repaid) from mortgage loan repayments, this was not always the perception by the bond market. In the late 1970s and early 1980s, the ODVA faced considerable difficulties due to the effects of the nationwide recession, aggressive lending practices, and improperly structured bond issues. Revenues from their mortgage portfolio were projected to be insufficient to cover operating expenses, bonded debt service resulting from mortgage prepayments and the increased losses from higher foreclosure rates. During this time, management practices allowed an extraordinary volume of bond issuance, resulting in over $6 billion outstanding in the ODVA program in 1985. These management practices were, in part, responsible for an eventual State ratings downgrade, leading to increased capital financing costs for the State for many of its bond programs.

Over the last 30 years, the State and ODVA made excellent progress and has transformed the Veterans' loan program into a sound, well-structured, self-supporting GO bond program. ODVA did not issue debt between 1987 and 1995 and did not make mortgage loans between 1987 and 1991. The restructured program began lending mortgage monies again in 1992. Current financial strategies of the Department include exercising bond call options for high cost debt where opportunity exists; close monitoring of administrative expenses; working to achieve the maximum spread between bond borrowing costs and mortgage lending rates permitted under Federal tax law; and structuring new bonds similar to proven single-family mortgage revenue bond programs nationwide.

Requirements for participation in the ODVA Mortgage Loan Program are much more stringent than the early years of the program. Individual applicants and properties must generally meet Federal National Mortgage Association underwriting standards, which include, but are not limited to, adequate income, verification of stable employment, acceptable credit history, and sufficient funds to pay the down-payment and closing costs. A private mortgage insurer must also insure loans that exceed 80% of the value of the underlying security.

ODVA makes annual cash flow forecasts to assess future ability to meet debt service and related operating expenses. Future bond issuance will be based primarily on demand for program loans when ODVA loan rates can be provided below the prevailing commercial market rate.

B. Higher Education Building Project Bond Program

Historically, the former Oregon University System (OUS) administered bonds issued for Oregon's seven public four-year universities and the Oregon Health and Science University (OHSU). The Board of Higher Education had the authority to issue GO bonds for higher education projects based on two constitutional provisions, Article XI-F (1) and Article XI-G. The OUS and the Board of Higher Education were abolished on July 1, 2015.

Under Oregon law, each of the seven universities are "public universities" as defined by ORS 352.002 and are legally separate from the State of Oregon. Article XI-F (1) and XI-G bonds issued for the benefit of public universities are administered by the Department of Administrative Services and governed by ORS 286A.830 through 286A.863. The Higher Education Coordinating Commission (HECC) is responsible for coordinating capital project funding requests from public universities and for budgeting and accounting related to outstanding bonds. Although HECC also accounts for debt pertaining to OHSU, the HECC has no administrative or policy oversight over OHSU since OHSU is an independent public corporation.

Under this statutory framework, the proceeds from Article XI-G bonds authorized by the Legislature for public university projects are provided as grants to the applicable university. The debt service on Article XI-G bonds is paid by General Fund appropriation; therefore, debt issued under Article XI-G is considered tax-supported debt for purposes of this report and is accounted for in the General Fund debt capacity model and Net Tax-Supported debt ratio calculations.

In contrast, the proceeds from Article XI-F (1) bonds authorized by the Legislature for public university projects are provided as loans to the applicable university. The loans are required to be repaid by the universities from their own revenue sources, which may include tuition, student building fees, gifts, grants, endowment earnings or other similar sources. Payments from universities on outstanding XI-F (1) bonds are used by the State to pay debt service on the bonds. Thus, Article XI-F (1) bonds are not considered tax-supported debt.

Although each public university has the authority to issue its own revenue bonds, these bonds are not accounted for as debt by the State because this debt would be a legal obligation of the applicable university. To the extent the public universities want to avail themselves of future Article XI-F (1) GO bonds, State law requires that the Office of the State Treasurer (OST) review and approve any future standalone university revenue bonds to assure that the pledged revenues of the university are sufficient to cover debt service on both existing State GO bonds as well as any new university revenue bonds. To the extent that a university board does not wish to seek the review and approval of the OST prior to the sale of their revenue bonds, they are precluded from seeking new Article XI-F (1) GO bond financed projects. To date, OST has reviewed and approved multiple series of revenue bonds issued under this authority by the University of Oregon and Oregon State University.

When new loans are provided to universities with XI-F (1) bond proceeds, each university represents to the State that it conservatively estimates that it has and will have sufficient revenues to pay the loan repayments in full when due and to operate the project financed with the proceeds of the loan. However, since XI-F (1) bonds are general obligations of the State, it would be necessary for the State to seek a General Fund appropriation if the universities were ever unable to make required payments to the State. To assure that the General Fund is never actually required to repay XI-F (1) bonds, the OST has the responsibility of working with each university to identify revenues available at each university to pay debt service on existing and future XI-F (1) bonds. Each campus' future ability to repay additional loans from the State provided through the issuance of XI-F (1) bonds will be dependent upon its governing board's adoption of sound financial management policies and practices and the revenue-producing ability of the projects financed.

C. Housing & Community Services Department Bond Programs

The Oregon Housing and Community Services Department (OHCSD) is authorized to issue GO bonds for the Elderly and Disabled Housing program, direct revenue bonds for Single-Family and Multifamily housing mortgage programs, and pass-through revenue bonds for its Multifamily Conduit revenue program. None of these programs fall under the definition of Net Tax-Supported debt used in this report. Thus, program capacity is discussed separately from assumptions made in the General Fund capacity model.

Like other self-supporting bonding programs, capacity for OHCSD programs is based primarily on the fiscal soundness of these programs and prudent financial management. The Director and the nine members of the Oregon Housing Stability Council are appointed by the Governor. The Oregon Housing Stability Council, in collaboration with the Department and community partners, will assist with the development of the Department's strategic plan and set policies and priorities to increase the supply of affordable housing throughout the state and to enhance the funding for and focus the provision of community services.

Applicants proposing to borrow monies under any of OHCSD's housing loan programs must first meet the eligibility requirements of that particular program. Applicants then follow an application review and approval process prior to receiving any loan monies associated with the program.

As noted earlier, bonds issued by OHCSD are fully self-supporting. Debt service is paid solely from revenues received from mortgage loan repayments, investment earning, and other assets held under each specific Trust Indenture. To assure that these assets are sufficient to fund necessary debt service requirements, OHCSD is required to submit materials outlining projected revenues annually to OST. These projections must outline the ability to repay principal and interest over the life of outstanding bonds, as well as other expenses of OHCSD. If projected revenues show an inability to provide for these requirements, OHCSD would be precluded from issuing additional bonds or applying any revenues to the financing of additional mortgage loans.

Similar to other programs outlined here, OHCSD's capacity to issue bonds is based on sound management, prudent lending practices, maintenance of strong operation reserves for program continuance, and awareness of evolving economic and social factors affecting individual borrowers' ability to repay mortgage loans. OHCSD, more than other state agencies, has used sophisticated public finance tools like variable rate bonds backed with liquidity facilities and floating-to-fixed interest rate swaps to offer more competitive mortgage rates to its customers while reducing its bond portfolio's interest rate risk.

D. Alternate Energy Program Bonds

The Oregon Department of Energy (ODOE) is authorized to issue GO bonds for Alternative Energy Projects in accordance with the provisions of Article XI-J to finance secured loans for the development of small-scale local energy projects (SELP) throughout Oregon. ODOE may have bonds outstanding equal to one-half of one percent of the true cash value of the property of the State. SELP was originally designed to be fully self-supporting, requiring determination and identification of repayment sources prior to making loans from bond proceeds. Constitutional and statutory provisions mandate that loan repayments are made from secured loan sources before any General Funds are advanced to SELP for repayment of Article XI-J debt.

Debt service on Alternate Energy Program GO bonds is paid from revenues received from loan repayments. Prior to each bond sale, ODOE is required to submit materials outlining projected revenues and expenses to the OST. The projections provided must show the program's future capability of meeting all planned and outstanding bond payments through program resources. ODOE's capacity to issue these bonds must be based on sound program and departmental management, prudent lending practices, maintenance of appropriate loan loss reserves, and awareness of underlying borrowers' ability to repay loans.

Currently, some of ODOE's Alternate Energy Bonds are considered as General Fund-supported debt, as XI-J GO bonds were sold to fund loans for energy projects on various OUS campuses that are being repaid through annual General Fund appropriations to the State's newly independent universities. For FY 2021, these General Fund appropriations represent approximately 40% of ODOE's overall GO debt service payments for this fiscal year.

In preparation for an ODOE bond sale in 2012, the State Treasurer's staff reviewed SELP's cash flow model to determine if their projected loan repayments were sufficient to meet all future debt service requirements of their GO bond portfolio. This evaluation revealed that SELP's loan loss reserves were seriously depleted, due to the default of an $18 million loan on an ethanol facility, and a growing number of large, delinquent loans to private parties that were 91 days or more past due. Since that time, several other large loans linked to renewable energy projects have also gone into default and have been written off as non-collectible, further deteriorating SELP's balance sheet and reserve balances, which have reduced the program's ability to make new loans without additional financial support from State general fund resources.

To address these problems, ODOE's management has tightened loan underwriting standards and pursued delinquent borrowers. In addition, the State Treasury refunded and restructured a portion of the outstanding ODOE bond portfolio in 2017 and in 2020, lowering ODOE's debt service payments substantially. Even with these efforts, General Fund cash infusions will be required to supplement SELP loan repayments. Approximately $3.5 million will be needed in the 2021-23 Biennium for the SELP program to meet its scheduled debt service obligations. The overall amount of General Fund assistance needed over time is projected to total approximately $5.0 million, although the amount, timing, and size of future cash infusions may change if more SELP loans become delinquent or are written off as uncollectible.

E. Department of Environmental Quality Pollution Control Bonds

The Department of Environmental Quality manages two separate programs under this bond category: loans to local Oregon communities to address their wastewater infrastructure needs and grants for the clean-up of environmentally contaminated sites where neither existing nor previous owners can fund this work (i.e. "orphan sites).

GO bonds issued for these purposes are authorized under Article XI-H of the State Constitution, for purposes of financing pollution abatement and control facilities, as well as pollution control and disposal activities of State and local government agencies. This authorization, granted under Article XI-H, requires that most facilities funded by the program, with the exception of pollution control and disposal activities and hazardous substance facilities, must "conservatively appear" to be at least 70% self-supporting and self-liquidating from revenues, gifts, federal grants, user charges, assessments and other fees.[1] Historically, the portion of the debt service of these bonds associated with orphan hazardous disposal site clean-up has been repaid by General Fund appropriation, with the balance of debt service repaid by DEQ fees and repayment on loans.

[1] In accordance with Article XI-H Section 2, the facilities supported by the Pollution Control Bonds must be 70% self-supporting and self-liquidating. However, the bonds that provide the funds to support the facilities are currently non-self-supporting, requiring debt service payments to be provided by General Fund appropriations.

F. Oregon Business Development Department Oregon Bond Bank Program

The Oregon Business Development Department (OBDD) administers the Oregon Bond Bank, a pooled loan program providing municipal bond financing to eligible municipal borrowers. The Oregon Bond Bank was created by the consolidation of the Water Program, which authorizes loans to municipalities to finance safe drinking water projects and wastewater system improvement projects, and the Special Public Works Fund program, which provides loans to municipalities for construction, improvement and repair of water, wastewater, and other local infrastructure. Periodically, the Legislative Assembly authorizes the sale of Lottery Revenue Bonds to replenish the funds available to OBDD to make new loans for local and regional water, wastewater, and other infrastructure projects. Additionally, the Oregon Bond Bank may issue stand-alone revenue bonds secured by these loans, to free up OBDD funds that can then be loaned again to municipalities for additional local infrastructure projects.

In 2011, the Legislative Assembly authorized further consolidation of various OBDD loans, grants and bonding programs for local governments through the creation of the Oregon Infrastructure Finance Authority (IFA). The IFA was established as an administrative unit within OBDD, with a nine-member advisory board that provides policy guidance on the infrastructure loan, grant, and bonding activities of the agency.

Infrastructure loans made through IFA are typically full faith and credit obligations of the borrowing municipality, payable from the borrower’s utility enterprise as well as the municipality’s General Fund. OBDD may request the State to withhold any amounts otherwise due to the municipality from the State of Oregon, and to pay such amounts to OBDD, in the event that a municipality defaults on its loan payments.

IFA Oregon Bond Bank Revenue bond capacity is based on OBDD’s sound financial management, prudent lending practices, awareness of underlying borrowers’ ability to repay loans and any funds provided by the Legislative Assembly as part of their historical practice of providing program capital.

G. Department of Transportation Highway User Tax Revenue Bond Program

The Oregon Department of Transportation (ODOT) is authorized to issue Highway User Tax Revenue (HUTR) bonds pursuant to ORS 367.609 through ORS 367.665 for the purpose of building and maintaining permanent public roads. Subject to Article IX Section 3a of the Oregon Constitution, ODOT may use bond proceeds issued herein to finance the cost of state highways through ODOT’s “Pledged Revenues,” which consist primarily of motor fuels taxes, DMV fees, and weight-mile taxes and may include other fees and taxes such as those generated through the Oregon GO program.

The Legislature has authorized the issuance of HUTR bonds to finance transportation projects under three major transportation program initiatives: the Oregon Transportation Investment Act (OTIA), the Jobs and Transportation Act (JTA), and Keep Oregon Moving (KOM). All bonds issued under the OTIA and JTA programs have been issued, totaling an investment of nearly $2 billion into Oregon’s transportation system. The State has so far issued $240 million of the KOM bonds, with the final $240 million to be issued in the next several years as the KOM projects move into construction. The 2021-23 Biennium Bond Bill authorized an additional $880 million in net proceeds of ODOT Highway User Tax Revenue Bonds to finance transportation projects across the State.

In addition, HB 3055, enacted by the 2021 Legislature, expands the short-term borrowing limit to $600 million from $100 million that may be repaid from any available funds of ODOT. It also expands the use of the $30 million previously allocated to the Interstate 5 Rose Quarter Project to other projects including I-205 Improvements, Interstate 5 Boone Bridge and Seismic Improvement Project, and implementation of toll projects under ORS 383.150. HB 3055 advances the ODOT's tolling strategy.

H. Conduit Revenue Bond Programs

The State of Oregon has three actively operating conduit revenue bond programs. These programs operate under the auspices of the Oregon Facilities Authority, the Oregon Business Development Department and the Oregon Housing and Community Services Department.

Conduit revenue programs are viewed uniquely when discussing capacity concepts. These programs, although issued by the OST, constitute no draw or contingent liability on any State of Oregon revenues. Debt service on these bonds is paid solely from revenues generated by the projects being financed or from other sources available to the conduit borrower. In no case is the credit of the State loaned or used for payment of any of the bonds. Further, the State is not responsible for expenses or costs incurred in connection with the issuance of the bonds. Therefore, capacity judgments should be reflected more in terms of market impact, beneficial interests of the State, and prudent evaluation of participating conduit borrowers' ability to repay debt obligations.

I. Oregon School Bond Guaranty Program

The Oregon Legislature passed the School Bond Guaranty Act in 1997, with subsequent approval by voters via a constitutional amendment the following year that allows the State to guarantee voter-approved GO bonds of qualifying Oregon education districts. Participation in the program is voluntary and open to public school districts, education service districts, and community colleges.

The Oregon School Bond Guaranty (OSBG) program is administered by OST, which establishes administrative rules prescribing application procedures and qualification guidelines. Upon determination of a district's eligibility, OST issues a certificate of qualification valid for one year from the date of issuance that may be applied to the specified GO bonds issued by the district during that period. Prior to bond closing and contingent on complying with OSBG requirements, the district receives a confirmation letter for the specific bond sale.

J. Constitutional, Statutory, and Administrative Framework

The Constitutional and statutory framework for the OSBG program provides several strong credit enhancement features that have resulted in the program receiving the same credit rating as the State receives on its GO bonds. These features include:

- A pledge of the State's full faith and credit to guarantee payment of a qualified district/community college's bond debt service when due;
- Authorization of OST to make debt service payments from the Oregon Common School Fund, the Oregon Short-term Fund, or other State funds assures immediate liquidity for all guaranteed school district and community college debt service payments;

- Constitutional provision authorizing OST to issue property tax-backed State GO bonds to fund the State's guaranty, if necessary; and
- Authorization of OST to assure repayment of any draws on state funds to make school district GO debt service payments, including:
    - use of the state school funds intercept mechanism; or
    - legal compulsion of a district or community college to levy sufficient property taxes to repay any loan made; or
    - State GO bond sold on its behalf.

A participating district for which the State has made a guaranteed payment is obligated to repay the State, with interest, and in certain instances may be subject to an additional penalty. The range of State school funds that can be intercepted for repayment include any payments from the State's General Fund, the State School Fund, income from the Common School Fund, or any other operating funds provided by the State to the school district.

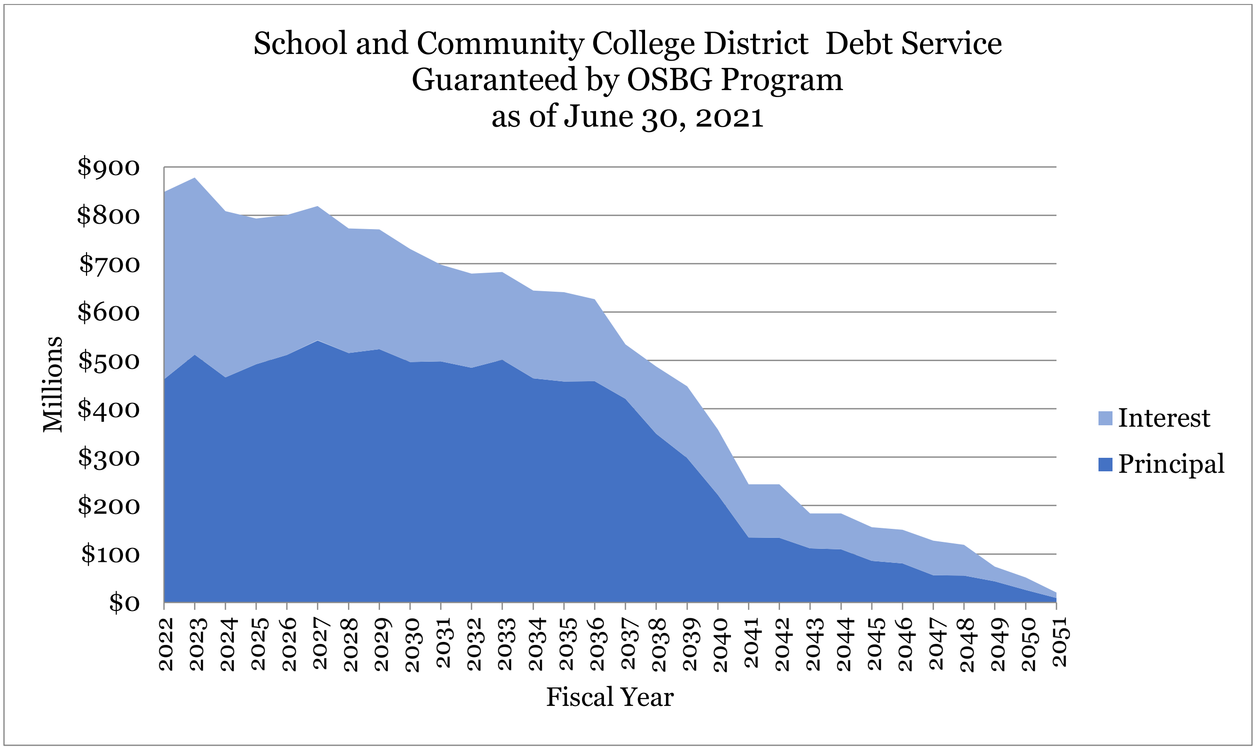
In addition, the administrative aspects of the OSBG program have been designed to reduce the likelihood of payment default by participating educational districts. The district's business administrator is required to transfer to its paying agent funds sufficient to cover each debt service payment at least 15 days before the scheduled payment date on OSBG guaranteed bonds. If it is unable to do so, the district must notify both the paying agent and OST at that time. The paying agent must notify OST if sufficient funds are not transferred at least 10 days before the scheduled payment date.

Program Statistics

Since its inception in 1999, the OSBG program has grown significantly in size and scope; as of June 30, 2021, the program has guarantees on $8.6 billion of outstanding GO bonds ($13.2 billion in principal and interest guaranteed debt service) issued by Oregon school districts and community colleges. While it is impossible to know precisely how much the State guaranty has saved Oregon taxpayers in interest costs on school bonds, a conservative estimate of an average reduction of .25% (25 basis points) in borrowing costs suggests debt service savings of roughly $21.9 million per year, or $437.9 million over a 20-year period.

Exhibit VI.1 projects State-guaranteed principal and interest over the remaining life of these school bonds. For FY 2022, this guaranty applies to local school district and community college annual debt service payments of $848.2 million, which is equivalent to approximately 7.62% of total expected FY 2022 State General Fund revenues and 18.3% of projected FY 2022 State school aid for schools and community colleges.

Exhibit VI.1



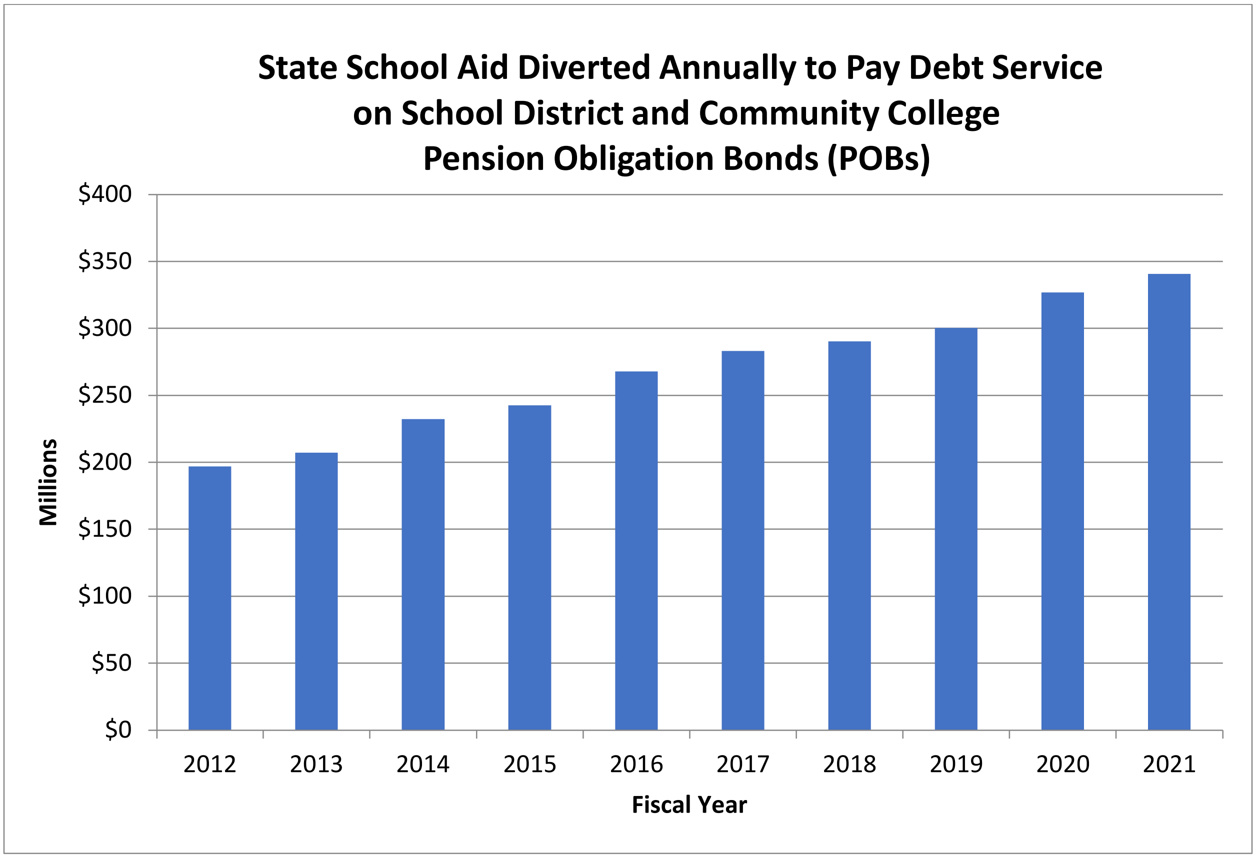
K. State Guarantee of School District and Community College Pension Obligation Bonds

In 2001, the Legislative Assembly authorized the State Department of Education to enter into Fund Diversion Agreements as a means of improving the creditworthiness of Pension Obligation Bonds (POBs) issued by Oregon school districts and community colleges. POBs were initially issued from 2002 to 2007 by many local Oregon jurisdictions with this Fund Diversion provision to prepay their accrued unfunded pension liabilities in the Oregon's Public Employees Retirement System (OPERS). Under these Fund Diversion Agreements, the State Board of Education agreed to make POB debt service payments to the POB bond trustee out of the annual state aid grants made to participating districts.

Between 2002 and June 30, 2021, there were 10 separate pooled POB borrowings issued by the Oregon School Board Association, Oregon Education Districts, and Oregon Community College Districts totaling $3.53 billion that have used this Fund Diversion Agreement approach to guarantee repayment of the POBs. While most of these pooled POBs were sold as non-callable taxable bonds, a few pooled POBs did have call features on certain maturities, which allowed for their refunding at lower interest rates over the last few years. As of June 30, 2021, there was $2.4 billion in outstanding balance associated with POBs issued during this period.

Exhibit VI.2 shows the substantial growth in the amount of state school aid that has been diverted each year to pay district POB debt service over the last 10 years. The Commission estimates that the State diverted $340.7 million in state school aid for this purpose in FY 2021, or 7.3% of combined annual state aid for school districts and community colleges.

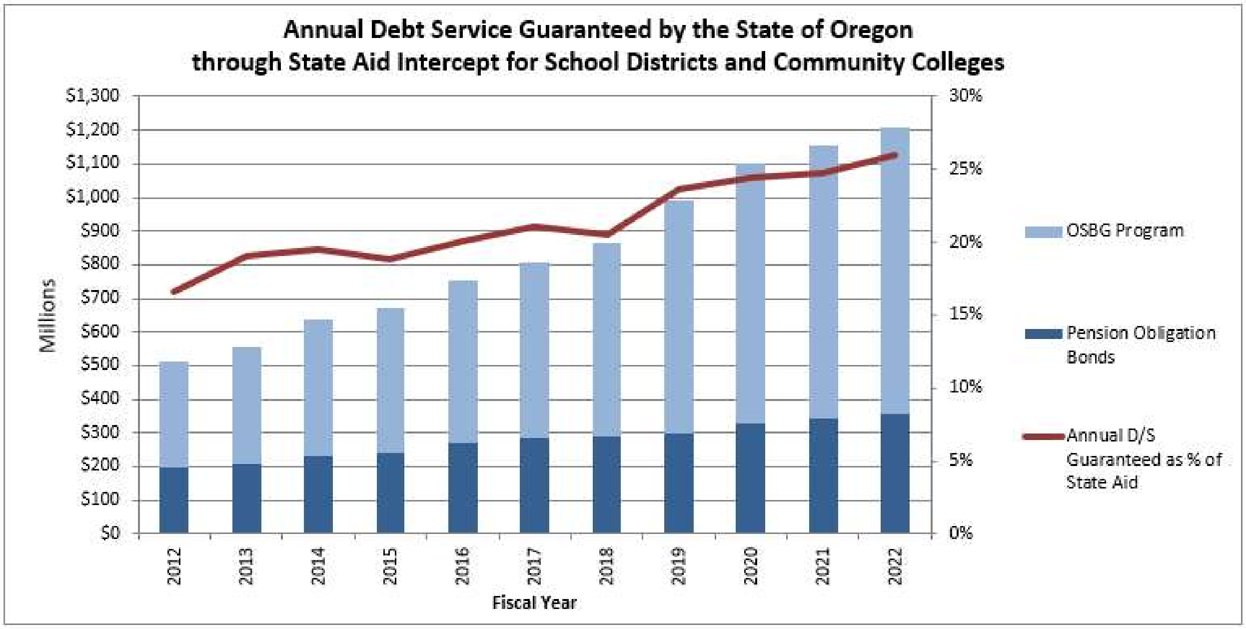
Exhibit VI.2



State School Aid Diverted Annually to Pay Debt Service
on School District and Community College
Pension Obligation Bonds (POBs)
$400
$350
$300
$250
$200
$150
$100
$50
$0
Millions
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
Fiscal Year

Exhibit VI.3 displays the steady growth in the State's combined annual guaranteed debt service for both the OSBG and the POB fund diversion programs. As the next chart shows, these state aid intercept bonding programs are relying on a significant percentage of state aid to schools. The Commission projects that the combined annual debt service guaranteed by the State for school district and community college GO and pension bonds in FY 2022 represents 25.8% of state school aid, an all-time high for the combined programs.

Exhibit VI.3



To date, no participating Oregon school district or community college has requested that the State of Oregon make a debt service payment on its behalf under the OSBG program. While OSBG guarantees are a contingent liability of the State, this long track record of positive district financial management has meant that to date the rating agencies do not consider this debt as part of the State's overall General Fund or Net Tax-Supported debt.

While the OSBG program successfully lowered the borrowing costs of participating jurisdictions throughout the State, OST has spent the past few years analyzing this program due to the increasing levels of annual state guaranteed debt overall, as well as the unusually high amounts of guaranteed debt noted for a few jurisdictions along the Oregon coast. Based on this review, OST has tightened the OSBG program rules to ensure the state guarantee of school debt is managed wisely.

Table A-9 in Appendix A illustrates each Oregon school district and community college district's respective state guaranteed debt service as a percentage of overall state aid for the fiscal year ending June 30, 2021. State aid is defined for purposes of the following exhibits to include annual appropriations made to school and community college districts through both the State School Fund and the Common School Fund.

As the Table A-9 demonstrates, there were four (4) school districts which each had a combined annual debt service on State guaranteed GO and POBs that exceeded the amount of annual State school aid they received in FY 2021. For additional detail on the state aid and the amount of debt service guaranteed for specific districts in FY 2021, please see Appendix A, Tables A-9, A-10, and A-11 of this report.

POBs Issued Pursuant to ORS 238.697

To address concerns over the growing levels of Pension Obligation Bonds issued by Oregon school districts and local jurisdictions to fund their unfunded pension liability, the 2019 Legislature enacted ORS 238.697. The statute establishes certain prerequisites for the issuance of POBs and additional post issuance reporting requirements for all POBs issued after June 11, 2019, to assist the State Treasurer in meeting its POB reporting requirements to the State Debt Policy Advisory Commission. ORS 238.697 requires jurisdictions to generate and file a statistically based analysis of the expected earnings on POB proceeds over the life of the POB Bond issue compared to the borrowing cost on these bonds. Once issued, each jurisdiction will provide Oregon Treasury staff with the actual borrowing cost, and annually, the actual earnings on POB proceeds. Treasury staff will track the estimated and actual earnings on these bond proceeds and compare them to the actual borrowing cost of the bonds, with the resulting information incorporated into the annual SDPAC report. Between passage of ORS 238.697 in June 2019 and June 30, 2021, there were no new issuances of POBs by any Oregon jurisdiction.

Since implementation of Oregon Administrative Rules that were approved by the MDAC to assist local government issuers of POBs in May 2021, 29 public bodies have issued POBs totaling $1.35 billion from July through September 2021. These POB issuances also use the Fund Diversion Agreement that improves the creditworthiness of the POBs issued. The following table illustrate the local public body issuers of POBs since enactment of SB 1049 and the data that has been collected from the public bodies.

PUBLIC BODY	DATE OF ISSUE	AMOUNT ISSUED	BOND TIC (a)	EXPECTED EARNINGS ON POB PROCEEDS (b)
Multnomah Cty SD 1J (Portland)	7/15/2021	$ 399,390,000	ATIC 2.18%	7.2
Baker School District #5J	8/19/2021	$ 19,600,000	2.46%	7.1
Bethel School District	8/19/2021	$ 68,905,000	2.45%	7.1
Dallas School District	8/19/2021	$ 39,575,000	2.45%	7.1
Echo School District 5	8/19/2021	$ 3,340,000	2.52%	7.1
Gervais School District	8/19/2021	$ 3,985,000	2.51%	7.1
InterMountain ESD	8/19/2021	$ 13,875,000	2.47%	7.1
Jefferson County ESD	8/19/2021	$ 2,380,000	2.54%	7.1
Jefferson Cty SD #509J - Madras	8/19/2021	$ 31,905,000	2.46%	7.1
Lake County School District #7	8/19/2021	$ 10,750,000	2.48%	7.1
Milton-Freewater Unified School District	8/19/2021	$ 8,210,000	2.48%	7.1
Morrow County SD	8/19/2021	$ 18,300,000	2.46%	7.1
North Marion School District #15	8/19/2021	$ 15,390,000	2.47%	7.1
North Santiam School District	8/19/2021	$ 14,755,000	2.47%	7.1
Oakridge School District #76	8/19/2021	$ 6,985,000	2.49%	7.1
Redmond School District	8/19/2021	$ 71,800,000	2.45%	7.1
Roseburg School District	8/19/2021	$ 32,535,000	2.46%	7.1
Silver Falls School District	8/19/2021	$ 35,425,000	2.46%	7.1
Springfield School District #19	8/19/2021	$ 106,955,000	2.45%	7.1
Tillamook School District	8/19/2021	$ 13,195,000	2.47%	7.1
Umatilla School District 6R	8/19/2021	$ 10,705,000	2.48%	7.1
LaGrande School District	8/19/2021	$ 19,435,000	2.46%	7.1
West Linn-Wilsonville SD #3Jt	8/19/2021	$ 112,400,000	2.45%	7.1
Umpqua Community College	8/31/2021	$ 17,805,000	2.50%	7.1
Mt. Hood Community College	8/31/2021	$ 58,895,000	2.48%	7.1
Clackamas Community College	8/31/2021	$ 49,740,000	2.49%	7.1
Rogue Community College	8/31/2021	$ 31,545,000	2.49%	7.1
Chemeketa Community College	8/31/2021	$ 55,965,000	2.48%	7.1
Clackamas Cty SD 62 (Oregon City)	9/28/2021	$ 74,500,000	2.44%	7.1
Total		**$ 1,348,245,000**		

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APPENDIX A

Supporting Tables and Graphs

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Table A-1

State of Oregon Bonding and Appropriation Credit Programs

Classification of Debt for Capacity and Debt Burden Determinations

Active State of Oregon Bonding Programs

- **General Obligation**
- **Direct Revenue**
- **Appropriation Credit**
- **Appropriation Credits**
- **Conduits**

General Fund-Supported Debt Programs

General Obligation Bond Programs:

- State Highway Bonds - Article XI Sec 7
- Higher Education Facility – Article XI-G
- Community College Bonds – Article XI-G
- Pollution Control Bonds – Article XI-H (54%)
- Alternate Energy Bonds – Article XI-J (40%)
- Oregon Opportunity Bonds – Article XI-L
- Seismic Rehab – Public Education Bldgs. (Article XI-M)
- Seismic Rehab – Emergency Services Bldgs. (Article XI-N)
- School District Capital Costs – Article XI-P
- State General Purpose Bonds Article XI-Q (94%)
- Pension Obligation Bonds – Article XI-O (36%)

Direct Revenue Bond Programs:

Appropriation Credits

- Appropriation Bonds – SB 856 – 2003 Legislature
- Certificates of Participation – ORS 283.085 to 283.092 (92%)

Non-Tax-Supported Debt Programs

General Obligation Bond Programs:

- Veterans' Welfare – Article XI-A
- Elderly & Disabled Housing Bonds – Article XI-I(2)
- Higher Education Building Bonds – Article XI-F(1)
- Pollution Control Bonds – Article-H (46%)
- Alternate Energy Bonds – Article XI-J (60%)
- State General Purpose Bonds – Article XI-Q (6%)
- Pension Obligation Bonds – Article XI-O (64%)

Direct Revenue Bond Programs:

- Single & Multi-Family Housing Bonds – ORS 456.661
- Oregon Infrastructure Authority Bond Bank – ORS 285B.482

Conduit Revenue Bond Programs:

- Economic & Industrial Development Bonds – ORS 285.310 to 285.397
- Oregon Facilities Authority – ORS Ch. 289
- Housing Development Revenue Bonds – ORS 456.692

Net Tax-Supported Debt

All General Fund-Supported Debt Programs

Plus

Direct Revenue Bond Programs:

- Lottery Revenue Programs – ORS 286A.563 to 286A.585
- Highway User Tax Bonds – ORS 367.620

Table A-2
Net Tax-Supported Debt Authorizations for 2021-2023 Biennium

Net Tax-Supported Debt Programs	2021-2023 Biennium Authorization	FY 2022 Planned Issuance	FY 2023 Planned Issuance	Remaining Authorization
Community College Bonds (Article XI-G)	$77,160,000	$38,580,000	$38,580,000	$0
Dept. of Higher Education Facility Bonds (Article XI-G)	42,840,000	21,420,000	21,420,000	0
DEQ – Pollution Control Bonds (Article XI-H)	10,300,000	5,150,000	5,150,000	0
Seismic Rehab – Public Education Buildings (Article XI-M)	111,300,000	55,650,000	55,650,000	0
Seismic Rehab – Emergency Services Buildings (Article XI-N)	50,750,000	25,375,000	25,375,000	0
Dept. of Education – School Construction Bonds (Article XI-P)	126,090,000	63,045,000	63,045,000	0
State General Purpose Bonds (Article XI-Q)[1]	1,479,345,000	739,672,500	739,672,500	0
Lottery Revenue Bonds ORS 286.563-585	492,440,000	246,220,000	246,220,000	0
Highway User Tax Bonds ORS 376.620	880,000,000	440,000,000	440,000,000	0
Dept. of Transportation – State Highway Bonds (Article XI (Sect7))	0	0	0	0
Certificate of Participation Bonds ORS 283.025-092	0	0	0	0
Total Net Tax-Supported Debt Authorizations	**$3,270,225,000**	**$1,635,112,500**	**$1,635,112,500**	**$0**

2

[1] Includes $224.6 million of DAS XI-Q bonds issued that are supported by direct revenues

Table A-3
General Fund-Supported Debt Service by year (as of 6-30-2021)

Fiscal Year (ending June 30th)	DAS COP (ORS 283 & 286A) (100%)	ODOT State Hwy XI Sec 7 (100%)	Dept. of Ed. CCWD (XI-G) (100%)	DAS Dept. of HiEd. Facility (XI-G) (100%)	DEQ Pollution Control XI-H (54% GF Paid)	DOE Alternate Energy (XI-J) (40% GF Paid)	DAS Oregon Opportunity (OHSU) (XI-L) (100%)	DAS Seismic Public Ed. Bldgs. (XI-M) (100%)	DAS Seismic - Emergency Services Bldgs. (XI-N) (100%)	DAS Pension Obligation (XI-O) (36% GF Paid)	DAS School Cap. Cost (XI-P) (100%)	DAS General Purpose (XI-Q) (94% GF Paid)	Total General Fund-Supported Debt Service
2022	8,979,798	2,049,200	16,951,503	59,784,029	1,695,217	6,693,356	15,437,125	26,407,838	5,810,021	81,204,459	23,186,761	238,834,219	487,033,526
2023	7,813,004	2,049,600	17,968,505	61,549,405	1,685,914	5,519,163	15,432,250	26,148,738	5,715,304	84,654,971	22,418,925	233,219,813	484,175,592
2024	7,353,358	2,048,800	17,984,072	61,301,487	1,697,582	5,678,441	8,041,125	26,140,824	5,721,156	88,252,385	22,426,425	219,336,397	465,982,052
2025	7,297,181	2,046,800	17,961,992	61,308,956	1,268,333	5,013,790	-	26,140,673	5,721,844	92,004,228	22,421,150	202,568,766	443,753,713
2026	7,297,669	2,049,125	17,971,187	60,665,306	1,268,846	5,027,417	-	26,137,651	5,725,568	95,914,458	22,419,250	197,421,494	441,897,971
2027	7,294,818	2,045,375	17,911,939	60,573,713	991,926	4,587,093	-	26,152,427	5,728,062	99,989,792	22,420,625	183,794,919	431,490,689
2028	7,296,095	2,049,375	17,915,066	58,979,456	994,327	4,486,522	-	26,149,076	5,728,627	-	22,417,625	171,974,189	317,990,359
2029	7,297,764	2,046,000	17,374,883	55,597,904	827,834	4,287,519	-	26,155,400	5,733,324	-	22,424,000	168,006,366	309,750,994
2030	7,298,212	2,050,125	16,987,397	53,438,718	832,593	3,432,797	-	26,154,421	5,720,173	-	22,427,750	161,070,671	299,412,858
2031	7,297,685	2,046,625	16,982,555	51,734,786	828,435	2,846,197	-	26,159,361	5,724,497	-	22,432,500	151,923,786	287,976,428
2032	7,295,468	2,045,500	16,972,129	50,212,666	831,559	1,897,557	-	26,163,140	5,720,218	-	22,436,250	140,745,441	274,319,928
2033	7,293,485	2,046,500	16,974,414	46,851,637	831,059	806,505	-	26,162,745	5,732,158	-	22,427,625	136,513,594	265,639,722
2034	7,293,930	2,049,375	16,980,461	46,872,916	396,175	561,805	-	26,177,418	5,724,410	-	22,434,875	129,585,361	258,076,725
2035	7,293,551	2,049,000	13,658,516	44,444,198	396,469	-	-	26,169,055	5,721,317	-	22,440,375	122,070,558	244,243,041
2036	7,293,807	2,050,250	13,663,904	44,338,197	398,837	-	-	24,779,480	4,433,144	-	22,437,500	103,142,074	222,537,193
2037	7,294,011	2,048,000	11,503,586	41,080,617	397,877	-	-	21,309,925	4,226,950	-	22,448,750	88,895,093	199,204,809
2038	7,293,752	2,047,125	11,503,036	40,519,509	396,329	-	-	12,282,550	2,254,150	-	14,135,000	78,493,250	168,924,702
2039	7,297,620	2,047,375	9,633,138	39,034,829	186,225	-	-	10,564,150	1,571,150	-	14,144,750	73,790,615	158,269,852
2040	-	2,048,500	9,627,310	36,000,587	-	-	-	5,866,500	968,000	-	7,293,500	52,818,376	114,622,773
2041	-	2,050,250	2,835,400	32,512,909	-	-	-	2,771,600	967,200	-	7,302,750	47,033,352	95,473,461
2042	-	2,047,500	2,815,750	28,564,781	-	-	-	-	-	-	-	22,665,210	56,093,241
2043	-	2,050,000	2,840,525	19,573,250	-	-	-	-	-	-	-	16,914,619	41,378,394
2044	-	-	1,185,925	8,748,800	-	-	-	-	-	-	-	15,386,743	25,321,468
2045	-	-	1,194,175	8,743,300	-	-	-	-	-	-	-	4,017,842	13,955,317
2046	-	-	1,189,675	2,619,175	-	-	-	-	-	-	-	2,761,720	6,570,570
2047	-	-	1,193,400	2,621,400	-	-	-	-	-	-	-	-	3,814,800
Total	**133,581,209**	**45,060,400**	**309,780,445**	**1,077,672,532**	**15,925,537**	**50,838,162**	**38,910,500**	**443,992,973**	**94,647,273**	**542,020,293**	**402,496,386**	**2,962,984,466**	**6,117,910,177**

Table A-4
General Fund-Supported Debt
Debt Service by Year (as of June 30, 2020)

Fiscal Year	Principal	Interest	Debt Service
2021-2022	299,309,354	187,724,172	487,033,526
2022-2023	310,694,600	173,480,992	484,175,592
2023-2024	305,948,400	160,033,652	465,982,052
2024-2025	296,626,900	147,126,813	443,753,713
2025-2026	307,664,400	134,233,571	441,897,971
2026-2027	310,745,800	120,744,889	431,490,689
2027-2028	211,144,100	106,846,259	317,990,359
2028-2029	211,040,600	98,710,394	309,750,994
2029-2030	209,007,100	90,405,758	299,412,858
2030-2031	205,848,900	82,127,528	287,976,428
2031-2032	200,573,100	73,746,828	274,319,928
2032-2033	200,391,200	65,248,522	265,639,722
2033-2034	201,467,700	56,609,025	258,076,725
2034-2035	196,381,800	47,861,241	244,243,041
2035-2036	183,169,300	39,367,893	222,537,193
2036-2037	167,548,000	31,656,809	199,204,809
2037-2038	144,052,400	24,872,302	168,924,702
2038-2039	139,232,900	19,036,952	158,269,852
2039-2040	101,236,600	13,386,173	114,622,773
2040-2041	86,144,500	9,328,961	95,473,461
2041-2042	50,448,100	5,645,141	56,093,241
2042-2043	37,959,100	3,419,294	41,378,394
2043-2044	23,391,000	1,930,468	25,321,468
2044-2045	13,153,800	801,517	13,955,317
2045-2046	6,225,500	345,070	6,570,570
2046-2047	3,740,000	74,800	3,814,800
Total:	**$4,423,145,154**	**$1,694,765,023**	**$6,117,910,177**

Note: May not sum due to rounding.

Table A-5
Net Tax-Supported Debt
Annual Debt Service Requirements (as of 6-30-21) ($'s)

Fiscal Year (Ending June 30th)	Certificates of Participation	Community College Bonds (XI-G)	Higher Education Facility Bonds (XI-G)	State Highway G.O. Bonds (XI Sec 7)	Oregon Opportunity Bonds (OHSU)	Pension Obligation Bonds (XI-O)	School District Capitol Costs (XI-P)	DOE Alternate Energy Bonds (GF Supported)
2022	8,979,798	16,951,503	59,784,029	2,049,200	15,437,125	225,567,942	23,186,761	6,693,356
2023	7,813,004	17,968,505	61,549,405	2,049,600	15,432,250	235,152,696	22,418,925	5,519,163
2024	7,353,358	17,984,072	61,301,487	2,048,800	8,041,125	245,145,513	22,426,425	5,678,441
2025	7,297,181	17,961,992	61,308,956	2,046,800	-	255,567,300	22,421,150	5,013,790
2026	7,297,669	17,971,187	60,665,306	2,049,125	-	266,429,051	22,419,250	5,027,417
2027	7,294,818	17,911,939	60,573,713	2,045,375	-	277,749,421	22,420,625	4,587,093
2028	7,296,095	17,915,066	58,979,456	2,049,375	-	-	22,417,625	4,486,522
2029	7,297,764	17,374,883	55,597,904	2,046,000	-	-	22,424,000	4,287,519
2030	7,298,212	16,987,397	53,438,718	2,050,125	-	-	22,427,750	3,432,797
2031	7,297,685	16,982,555	51,734,786	2,046,625	-	-	22,432,500	2,846,197
2032	7,295,468	16,972,129	50,212,666	2,045,500	-	-	22,436,250	1,897,557
2033	7,293,485	16,974,414	46,851,637	2,046,500	-	-	22,427,625	806,505
2034	7,293,930	16,980,461	46,872,916	2,049,375	-	-	22,434,875	561,805
2035	7,293,551	13,658,516	44,444,198	2,049,000	-	-	22,440,375	-
2036	7,293,807	13,663,904	44,338,197	2,050,250	-	-	22,437,500	-
2037	7,294,011	11,503,586	41,080,617	2,048,000	-	-	22,448,750	-
2038	7,293,752	11,503,036	40,519,509	2,047,125	-	-	14,135,000	-
2039	7,297,620	9,633,138	39,034,829	2,047,375	-	-	14,144,750	-
2040	-	9,627,310	36,000,587	2,048,500	-	-	7,293,500	-
2041	-	2,835,400	32,512,909	2,050,250	-	-	7,302,750	-
2042	-	2,815,750	28,564,781	2,047,500	-	-	-	-
2043	-	2,840,525	19,573,250	2,050,000	-	-	-	-
2044	-	1,185,925	8,748,800	-	-	-	-	-
2045	-	1,194,175	8,743,300	-	-	-	-	-
2046	-	1,189,675	2,619,175	-	-	-	-	-
2047	-	1,193,400	2,621,400	-	-	-	-	-
	133,581,209	**309,780,445**	**1,077,672,532**	**45,060,400**	**38,910,500**	**1,505,611,924**	**402,496,386**	**50,838,162**

Note: May not sum due to rounding.

Table A-5 (Continued)
Net Tax-Supported Debt
Annual Debt Service Requirements (as of 6-30-21) ($'s)

Fiscal Year (Ending June 30th)	DEQ Pollution Control Bonds (GF Supported)	Highway User Tax Revenue Bonds	State General Purpose GO's	Seismic Rehab - Public Ed Buildings (XI-M)	Seismic Rehab - Emergency Services Buildings (XI-N)	Lottery Revenue Bonds	Total Net Tax-Supported Debt
2022	1,695,217	197,066,416	254,078,956	26,407,838	5,810,021	131,690,620	975,398,782
2023	1,685,914	196,887,206	248,106,184	26,148,738	5,715,304	129,849,845	976,296,740
2024	1,697,582	196,928,548	233,336,592	26,140,824	5,721,156	129,854,847	963,658,770
2025	1,268,333	196,724,482	215,498,687	26,140,673	5,721,844	129,859,151	946,830,339
2026	1,268,846	196,031,523	210,022,866	26,137,651	5,725,568	129,854,287	950,899,744
2027	991,926	195,800,361	195,526,509	26,152,427	5,728,062	122,996,034	939,778,304
2028	994,327	197,815,959	182,951,265	26,149,076	5,728,627	104,647,201	631,430,596
2029	827,834	195,037,711	178,730,176	26,155,400	5,733,324	91,491,112	607,003,627
2030	832,593	194,782,699	171,351,778	26,154,421	5,720,173	77,471,281	581,947,945
2031	828,435	196,613,410	161,621,049	26,159,361	5,724,497	67,896,250	562,183,351
2032	831,559	195,817,073	149,729,193	26,163,140	5,720,218	48,755,663	527,876,415
2033	831,059	196,876,039	145,227,227	26,162,745	5,732,158	46,969,468	518,198,863
2034	396,175	195,046,955	137,856,767	26,177,418	5,724,410	34,332,500	495,727,586
2035	396,469	198,636,616	129,862,296	26,169,055	5,721,317	34,327,250	484,998,644
2036	398,837	99,397,047	109,725,610	24,779,480	4,433,144	24,997,000	353,514,777
2037	397,877	99,400,863	94,569,248	21,309,925	4,226,950	24,994,500	329,274,327
2038	396,329	99,397,656	83,503,458	12,282,550	2,254,150	12,133,000	285,465,565
2039	186,225	99,398,083	78,500,655	10,564,150	1,571,150	12,132,750	274,510,725
2040	-	99,400,375	56,189,761	5,866,500	968,000	-	217,394,533
2041	-	99,401,675	50,035,481	2,771,600	967,200	-	197,877,265
2042	-	44,675,875	24,111,925	-	-	-	102,215,831
2043	-	44,628,200	17,994,275	-	-	-	87,086,250
2044	-	-	16,368,875	-	-	-	26,303,600
2045	-	-	4,274,300	-	-	-	14,211,775
2046	-	-	2,938,000	-	-	-	6,746,850
2047	-	-	-	-	-	-	3,814,800
	13,566,199	**3,435,764,770**	**3,152,111,134**	**443,992,973**	**94,647,273**	**1,354,252,758**	**12,060,646,004**

Note: May not sum due to rounding.

Table A-6

Net Tax-Supported Debt Debt Service by Year (as of June 30, 2021)			
Fiscal Year	**Principal**	**Interest**	**Total**
2021-2022	$598,142,454	$377,256,329	$975,398,782
2022-2023	627,499,000	348,797,740	976,296,740
2023-2024	643,454,200	320,204,570	963,658,770
2024-2025	655,436,200	291,394,139	946,830,339
2025-2026	689,504,400	261,395,344	950,899,744
2026-2027	709,997,400	229,780,904	939,778,304
2027-2028	434,001,400	197,429,196	631,430,596
2028-2029	424,964,300	182,039,327	607,003,627
2029-2030	415,471,300	166,476,645	581,947,945
2030-2031	411,092,200	151,091,151	562,183,351
2031-2032	391,968,200	135,908,215	527,876,415
2032-2033	397,441,500	120,757,363	518,198,863
2033-2034	392,033,700	103,693,886	495,727,586
2034-2035	400,050,200	84,948,444	484,998,644
2035-2036	284,886,400	68,628,377	353,514,777
2036-2037	273,024,900	56,249,427	329,274,327
2037-2038	240,838,400	44,627,165	285,465,565
2038-2039	240,003,600	34,507,125	274,510,725
2039-2040	193,115,000	24,279,533	217,394,533
2040-2041	182,095,000	15,782,265	197,877,265
2041-2042	93,440,000	8,775,831	102,215,831
2042-2043	82,560,000	4,526,250	87,086,250
2043-2044	24,315,000	1,988,600	26,303,600
2044-2045	13,395,000	816,775	14,211,775
2045-2046	6,395,000	351,850	6,746,850
2046-2047	3,740,000	74,800	3,814,800
Total:	**$8,828,864,754**	**$3,231,781,250**	**$12,060,646,004**

Note: May not sum due to rounding

Table A-7[1]

Annual Debt Service Requirements for Lottery Bonds Outstanding (As of June 30, 2021) ($'s)													
Fiscal Year (ending June 30th)	$25,830,000 2011 Series C Oregon Business Development Dept and Oregon Housing & Community Services Dept	$18,855,000 2012 Series A DAS, Oregon University System, and Dept. of Forestry	$53,535,000 2012 Series B Advance Refunding-Refunding Various Series (2002A, 2002C, 2003A, 2004B, 2005A)	$122,500,000 2013 Series A Oregon University System, Community College and Workforce Dept., and Transportation	$71,075,000 2013 Series C Advance Refunding-Refunding Various Series (2001B, 2002B, 2003B ,2004A, 2005B, 2005C)	$18,625,000 2014 Series A Advance Refunding-Refunding Various Series (2006A, 2007A, 2009A)	$89,515,000 2014 Series B Advance Refunding-Refunding Various Series (2006A, 2007A)	$105,635,000 2014C Advance Refunding-Refunding Various Series (2009A)	$77,805,000 2015 Series A DAS, Business Oregon, Dept. of Transportation, Water Resources	$38,945,000 2015 Series B DAS, Community College & Workforce Development, Business Oregon, Dept. of Energy, Housing & Community Services	$117,995,000 2015 Series C Advance Refunding - Refunding Various Series (2007C, 2008A, 2011A)	$164,230,000 2015 Series D Advance Refunding - Refunding Various Series (2009A)
2022	14,169,522	1,139,250	1,632,800	7,907,250	2,127,080	2,468,950	11,726,750	29,464,250	3,890,250	5,444,048	9,032,500	6,090,000
2023				7,906,500	2,126,120	2,471,450	11,721,000	29,467,250	3,890,250	5,446,256	21,027,250	6,090,000
2024					2,125,160	2,473,050	11,723,500	29,464,500	4,150,250	5,185,251	21,026,750	6,090,000
2025					2,124,885	2,466,750	11,727,750	29,468,250	9,337,250		21,025,250	6,090,000
2026						2,475,250	10,892,500		9,334,250		23,860,750	34,350,000
2027						2,478,000	10,888,500		9,337,750		15,974,250	34,347,000
2028									9,336,750		3,937,500	34,348,500
2029									9,335,750			34,350,750
2030									9,334,000			
2031									9,335,750			
2032									9,335,000			
2033									9,336,000			
2034									9,332,750			
2035									9,334,500			
2036												
2037												
2038												
2039												
2040												
Total	**14,169,522**	**1,139,250**	**1,632,800**	**15,813,750**	**8,503,245**	**14,833,450**	**68,680,000**	**117,864,250**	**114,620,500**	**16,075,554**	**115,884,250**	**161,756,250**

Note: May not sum due to rounding.

Includes annual fiscal year debt service requirements on all Lottery debt issued through June 30, 2021.

Table A-7[1] (Continued)

Annual Debt Service Requirements for Lottery Bonds Outstanding (As of June 30, 2021) ($'s)										
Fiscal Year (ending June 30th)	$22,710,000 2015 Series E Advance Refunding - Refunding Various Series (2010D)	$17,195,000 2015 Series F Advance Refunding - Refunding Various Series (2010A)	$93,000,000 2017 Series A Various Projects -- Tax-Exempt	$73,740,000 2017 Series B Various Projects -- Taxable	$63,675,000 2017 Series C Advance Refunding - Refunding Various Series (2010A, 2011A, 2012A)	$100,395,000 2019 Series A New Funding Various Projects Tax-Exempt	$56,235,000 2019 Series B New Funding Various Projects Taxable	$14,190,000 2021 Series A Revenue Refunding Various Tax-Exempt (2011A, 2012B, 2013A)	$109,915,000 2021 Series B Revenue Refunding Various Taxable (2011A, 2012B, 2013A)	Total Outstanding Debt Service Requirements
2022	3,197,500	859,750	4,650,000	8,213,281	5,206,000	5,019,750	7,110,635	$658,258.33	$1,682,796.98	131,690,620
2023	3,194,250	2,969,750	4,650,000	8,213,770	4,074,750	5,019,750	7,113,206	$909,500.00	$3,558,793.16	129,849,845
2024	3,190,750	2,974,250	4,650,000	8,214,091	4,075,000	5,019,750	7,109,678	$1,964,500.00	$10,418,366.20	129,854,847
2025	3,196,750	2,968,250	4,650,000	8,213,805	4,072,500	5,019,750	7,114,494	$1,956,250.00	$10,427,216.60	129,859,151
2026	3,196,500	2,972,000	4,650,000	8,213,158	4,237,250	5,019,750	7,113,310	$2,520,250.00	$11,019,318.26	129,854,287
2027	3,195,000	2,974,750	4,650,000	8,216,382	4,065,750	5,019,750	7,111,292	$2,107,750.00	$12,629,859.60	122,996,034
2028	3,197,000	2,971,250	6,220,000	6,645,822	11,544,250	5,019,750	7,110,330	$1,681,000.00	$12,635,049.10	104,647,201
2029	3,192,000	2,971,500	12,861,500		3,690,500	11,734,750	396,769	$326,500.00	$12,631,093.00	91,491,112
2030			12,862,000		26,817,250	12,134,000		$3,686,500.00	$12,637,530.50	77,471,281
2031			12,861,750		17,599,000	12,131,500		$3,328,500.00	$12,639,750.00	67,896,250
2032			12,864,750		1,785,000	12,130,500			$12,640,412.76	48,755,663
2033			12,864,750			12,130,000			$12,638,718.00	46,969,468
2034			12,865,750			12,134,000				34,332,500
2035			12,861,500			12,131,250				34,327,250
2036			12,866,000			12,131,000				24,997,000
2037			12,862,500			12,132,000				24,994,500
2038						12,133,000				12,133,000
2039						12,132,750				12,132,750
2040										
Total	**25,559,750**	**21,661,500**	**149,890,500**	**55,930,310**	**87,167,250**	**168,193,000**	**50,179,714**	**19,139,008**	**125,558,904**	**1,354,252,758**

Includes annual fiscal year debt service requirements on all Lottery debt issued through June 30, 2021.

Table A-8

Lottery Revenue Debt Total Principal and Interest Debt Service by Year (as of June 30, 2021)			
Fiscal Year	**Principal**	**Interest**	**Total**
2022	$86,425,000	$45,265,620	$131,690,620
2023	88,125,000	41,724,845	129,849,845
2024	91,970,000	37,884,847	129,854,847
2025	95,710,000	34,149,151	129,859,151
2026	99,790,000	30,064,287	129,854,287
2027	97,265,000	25,731,034	122,996,034
2028	83,095,000	21,552,201	104,647,201
2029	73,465,000	18,026,112	91,491,112
2030	62,755,000	14,716,281	77,471,281
2031	55,970,000	11,926,250	67,896,250
2032	39,285,000	9,470,663	48,755,663
2033	39,125,000	7,844,468	46,969,468
2034	28,105,000	6,227,500	34,332,500
2035	29,505,000	4,822,250	34,327,250
2036	21,650,000	3,347,000	24,997,000
2037	22,730,000	2,264,500	24,994,500
2038	11,005,000	1,128,000	12,133,000
2039	11,555,000	577,750	12,132,750
Total:	**$1,037,530,000**	**$316,722,758**	**$1,354,252,758**

Table A-9

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Tillamook Cty SD 101 (Nestucca Valley)	2,077,150.00	241,790.20	2,318,940.20	49,466.67	4199.09%	4687.88%
Clatsop Cty SD 10 (Seaside)	5,022,077.32	919,200.70	5,941,278.02	158,916.55	3160.20%	3738.61%
Tillamook Cty SD 56 (Neah-Kah-Nie)	1,370,315.00	-	1,370,315.00	77,608.15	1765.68%	1765.68%
Deschutes Cty SD 6 (Sisters)	2,989,575.00	980,143.75	3,969,718.75	2,905,448.19	102.90%	136.63%
Multnomah Cty SD 1J (Portland)	135,956,638.68	54,812,723.51	190,769,362.19	262,318,591.60	51.83%	72.72%
Multnomah Cty SD 3 (Parkrose)	6,468,689.50	1,536,820.00	8,005,509.50	12,777,049.05	50.63%	62.66%
Jackson Cty SD 5 (Ashland)	7,095,400.00	-	7,095,400.00	13,785,524.33	51.47%	51.47%
Clackamas Cty SD 12 (North Clackamas)	41,275,697.87	12,669,523.25	53,945,221.12	112,748,481.57	36.61%	47.85%
Clatsop Cty SD 1 (Astoria)	3,629,100.00	1,939,212.25	5,568,312.25	12,394,764.22	29.28%	44.92%
Lincoln Cty Unified SD	6,556,025.00	3,826,588.00	10,382,613.00	23,779,405.71	27.57%	43.66%
Washington Cty SD 88J (Sherwood)	14,389,825.00	1,378,866.50	15,768,691.50	36,783,302.54	39.12%	42.87%
Deschutes Cty SD 1 (Bend-Lapine)	35,846,098.00	7,849,158.04	43,695,256.04	102,867,949.07	34.85%	42.48%
Lane Cty SD 4J (Eugene)	36,910,841.88	5,252,707.26	42,163,549.14	104,836,929.42	35.21%	40.22%
Clackamas Cty SD 115 (Gladstone)	4,229,750.00	1,850,970.50	6,080,720.50	15,735,179.52	26.88%	38.64%
Clatsop Cty SD 30 (Warrenton-Hammond)	2,065,925.00	350,315.46	2,416,240.46	6,483,665.56	31.86%	37.27%
Yamhill Cty SD 1 (Yamhill-Carlton)	1,607,433.68	1,041,372.00	2,648,805.68	7,122,184.87	22.57%	37.19%
Tillamook Cty SD 9 (Tillamook)	1,310,050.00	1,856,538.25	3,166,588.25	8,919,691.82	14.69%	35.50%
Washington Cty SD 48J (Beaverton)	84,876,148.07	16,771,596.20	101,647,744.27	292,116,134.81	29.06%	34.80%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Benton Cty SD 509J (Corvallis)	13,224,750.00	956,383.00	14,181,133.00	41,702,916.45	31.71%	34.01%
Clackamas Cty SD 3J (W.Linn-Wilsonville)	16,153,928.88	4,307,329.20	20,461,258.08	61,336,759.66	26.34%	33.36%
Washington Cty SD 1J (Hillsboro)	37,808,229.60	9,823,688.66	47,631,918.26	142,910,236.56	26.46%	33.33%
Deschutes Cty SD 2J (Redmond)	13,181,728.78	3,182,650.00	16,364,378.78	50,048,237.88	26.34%	32.70%
Clackamas Cty SD 86 (Canby)	7,152,271.18	4,167,452.40	11,319,723.58	34,631,172.69	20.65%	32.69%
Umatilla Cty SD 16R (Pendleton)	5,254,899.60	2,860,499.25	8,115,398.85	26,455,227.60	19.86%	30.68%
Crook Cty School District	3,608,529.92	2,647,845.25	6,256,375.17	22,011,705.40	16.39%	28.42%
Columbia Cty SD 502 (St Helens)	2,625,200.00	2,810,998.50	5,436,198.50	19,533,776.19	13.44%	27.83%
Yamhill Cty SD 8 (Dayton)	1,387,200.00	818,623.50	2,205,823.50	8,332,743.45	16.65%	26.47%
Multnomah Cty SD 10J (Gresham-Barlow)	19,768,800.00	5,446,569.74	25,215,369.74	95,942,152.86	20.60%	26.28%
Curry Cty SD 17 (Brookings-Harbor)	1,374,252.80	1,148,877.78	2,523,130.58	9,699,983.83	14.17%	26.01%
Linn Cty SD 8J (Greater Albany)	13,924,304.17	4,513,759.44	18,438,063.61	71,571,389.52	19.46%	25.76%
Polk Cty SD 13J (Central)	4,979,742.00	2,233,548.50	7,213,290.50	28,397,111.98	17.54%	25.40%
Washington Cty SD 511J (Gaston)	542,450.00	453,551.50	996,001.50	3,960,297.20	13.70%	25.15%
Washington Cty SD 23J (Tigard-Tualatin)	14,718,553.50	3,935,360.34	18,653,913.84	74,223,142.01	19.83%	25.13%
Douglas Cty SD 12 (Glide)	909,400.00	338,609.00	1,248,009.00	4,972,298.96	18.29%	25.10%
Columbia Cty SD 47J (Vernonia)	1,010,455.15	-	1,010,455.15	4,079,934.85	24.77%	24.77%
Union Cty SD 1 (La Grande)	3,302,979.66	1,080,732.76	4,383,712.42	17,742,494.50	18.62%	24.71%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Jackson Cty SD 4 (Phoenix-Talent)	3,326,450.00	1,519,420.06	4,845,870.06	19,615,196.01	16.96%	24.70%
Multnomah Cty SD 51J (Riverdale)	423,537.42	479,452.75	902,990.17	3,657,471.80	11.58%	24.69%
Lane Cty SD 28J (Fern Ridge)	2,035,700.00	742,831.26	2,778,531.26	11,672,729.26	17.44%	23.80%
Yamhill Cty SD 40 (McMinnville)	9,836,350.00	3,166,360.90	13,002,710.90	54,808,848.74	17.95%	23.72%
Umatilla Cty SD 61 (Stanfield)	752,000.00	390,687.75	1,142,687.75	5,084,012.04	14.79%	22.48%
Lane Cty SD 69 (Junction City)	1,871,750.00	986,835.50	2,858,585.50	12,740,139.19	14.69%	22.44%
Hood River Cty SD (Hood River)	4,572,700.00	2,676,171.10	7,248,871.10	32,710,563.91	13.98%	22.16%
Washington Cty SD 15 (Forest Grove)	8,779,650.00	2,755,393.66	11,535,043.66	52,443,435.26	16.74%	22.00%
Clackamas Cty SD 46 (Oregon Trail)	6,719,750.00	-	6,719,750.00	30,804,688.01	21.81%	21.81%
Marion Cty SD 45 (St Paul)	561,300.00	-	561,300.00	2,671,173.32	21.01%	21.01%
Marion Cty SD 24J (Salem Keizer)	56,600,490.20	21,519,952.36	78,120,442.56	373,619,987.96	15.15%	20.91%
Clackamas Cty SD 62 (Oregon City)	7,375,106.50	4,522,344.66	11,897,451.16	57,003,337.77	12.94%	20.87%
Umatilla Cty SD 1 (Helix)	472,512.50	-	472,512.50	2,271,996.20	20.80%	20.80%
Douglas Cty SD 116 (Winston-Dillard)	969,100.00	1,366,432.00	2,335,532.00	11,478,881.19	8.44%	20.35%
Yamhill Cty SD 29J (Newberg)	2,969,825.00	3,872,565.75	6,842,390.75	33,852,586.21	8.77%	20.21%
Marion Cty SD 29J (North Santiam)	1,637,812.50	1,733,099.75	3,370,912.25	16,713,865.42	9.80%	20.17%
Washington Cty SD 13 (Banks)	1,222,900.00	336,101.64	1,559,001.64	7,839,427.93	15.60%	19.89%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Marion Cty SD 15 (North Marion)	1,944,700.00	1,316,174.00	3,260,874.00	16,508,544.18	11.78%	19.75%
Marion Cty SD 14J (Jefferson)	710,687.50	760,430.25	1,471,117.75	7,504,243.76	9.47%	19.60%
Yamhill Cty SD 4J (Amity)	652,962.00	763,041.50	1,416,003.50	7,480,876.55	8.73%	18.93%
Jefferson Cty SD 509J (Madras)	4,127,278.12	1,396,468.76	5,523,746.88	29,290,568.12	14.09%	18.86%
Multnomah Cty SD 7 (Reynolds)	10,534,003.14	8,910,490.00	19,444,493.14	103,394,873.08	10.19%	18.81%
Columbia Cty SD 1J (Scappoose)	2,790,650.00	-	2,790,650.00	14,933,924.11	18.69%	18.69%
Umatilla Cty SD 8 (Hermiston)	8,221,835.87	1,373,329.96	9,595,165.83	52,582,950.70	15.64%	18.25%
Lane Cty SD 45J3 (South Lane)	2,958,237.50	1,265,211.50	4,223,449.00	23,350,390.87	12.67%	18.09%
Lane Cty SD 40 (Creswell)	1,465,993.70	418,399.40	1,884,393.10	10,488,756.89	13.98%	17.97%
Curry Cty SD 1 (Central Curry)	387,650.00	-	387,650.00	2,161,399.70	17.94%	17.94%
Lane Cty SD 52 (Bethel)	7,549,586.32	-	7,549,586.32	42,177,895.77	17.90%	17.90%
Douglas Cty SD 105 (Reedsport)	626,826.60	314,756.00	941,582.60	5,267,068.53	11.90%	17.88%
Marion Cty SD 4J (Silver Falls)	4,087,298.83	1,781,241.00	5,868,539.83	32,867,811.12	12.44%	17.85%
Coos Cty SD 9 (Coos Bay)	3,323,510.07	1,259,488.00	4,582,998.07	25,995,992.59	12.78%	17.63%
Umatilla Cty SD 5R (Echo)	366,525.00	190,718.00	557,243.00	3,161,656.75	11.59%	17.63%
Lane Cty SD 1 (Pleasant Hill)	1,401,556.26	-	1,401,556.26	7,959,865.73	17.61%	17.61%
Umatilla Cty SD 2 (Pilot Rock)	358,964.00	248,996.36	607,960.36	3,499,754.47	10.26%	17.37%
Benton Cty SD 1J (Monroe)	376,625.00	186,082.00	562,707.00	3,440,642.29	10.95%	16.35%
Morrow Cty SD 1	2,062,525.00	839,917.00	2,902,442.00	17,916,628.40	11.51%	16.20%
Marion Cty SD 5 (Cascade)	1,621,675.00	1,692,334.25	3,314,009.25	21,140,790.91	7.67%	15.68%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Lane Cty SD 19 (Springfield)	7,368,700.00	5,678,847.10	13,047,547.10	84,853,810.32	8.68%	15.38%
Clackamas Cty SD 108 (Estacada)	2,367,625.00	1,209,036.06	3,576,661.06	23,344,546.43	10.14%	15.32%
Linn Cty SD 55 (Sweet Home)	1,654,225.00	1,354,268.75	3,008,493.75	19,728,640.04	8.38%	15.25%
Jackson Cty SD 549C (Medford)	12,781,950.00	4,196,484.00	16,978,434.00	112,006,667.14	11.41%	15.16%
Harney Cty SD 3 (Burns)	-	1,163,825.50	1,163,825.50	7,705,699.70	0.00%	15.10%
Columbia Cty SD 6J (Clatskanie)	729,619.20	-	729,619.20	4,947,990.73	14.75%	14.75%
Linn Cty SD 9 (Lebanon Community)	4,678,445.40	-	4,678,445.40	31,933,734.28	14.65%	14.65%
Umatilla Cty USD 7 (Milton-Freewater)	795,000.00	1,487,162.75	2,282,162.75	15,687,285.16	5.07%	14.55%
Clackamas Cty SD 7J (Lake Oswego)	-	4,887,123.83	4,887,123.83	33,788,419.39	0.00%	14.46%
Josephine Cty SD (Three Rivers)	2,486,237.50	2,715,896.70	5,202,134.20	35,988,027.22	6.91%	14.46%
Lane Cty SD 97J (Siuslaw)	-	1,019,772.10	1,019,772.10	7,218,685.33	0.00%	14.13%
Gilliam Cty SD 25J (Condon)	261,940.00	-	261,940.00	1,884,283.23	13.90%	13.90%
Wasco Cty SD 29 (Dufur)	449,750.00	-	449,750.00	3,236,910.45	13.89%	13.89%
Benton Cty SD 17J (Philomath)	1,094,400.00	650,998.00	1,745,398.00	12,855,642.74	8.51%	13.58%
Union Cty SD 11 (Imbler)	453,000.00	-	453,000.00	3,439,501.69	13.17%	13.17%
Douglas Cty SD 4 (Roseburg)	1,973,005.55	3,830,952.70	5,803,958.25	45,420,474.64	4.34%	12.78%
Klamath Cty SD 1 (Klamath Falls)	3,120,900.00	-	3,120,900.00	24,688,540.02	12.64%	12.64%
Jefferson Cty SD 4 (Culver)	794,600.00	-	794,600.00	6,316,302.88	12.58%	12.58%
Clatsop Cty SD 4 (Knappa)	564,300.00	-	564,300.00	4,494,022.92	12.56%	12.56%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Marion Cty SD 91 (Mt Angel)	888,012.50	-	888,012.50	7,111,001.71	12.49%	12.49%
Yamhill Cty SD 48J (Sheridan)	1,020,262.50	-	1,020,262.50	8,337,534.98	12.24%	12.24%
Multnomah Cty SD 28J (Centennial)	6,630,330.28	-	6,630,330.28	56,538,308.30	11.73%	11.73%
Columbia Cty SD 13 (Rainier)	-	666,293.50	666,293.50	5,710,025.30	0.00%	11.67%
Douglas Cty SD 19 (South Umpqua)	-	1,449,694.51	1,449,694.51	12,441,761.84	0.00%	11.65%
Polk Cty SD 2 (Dallas)	2,996,700.00	-	2,996,700.00	25,940,125.16	11.55%	11.55%
Morrow Cty SD 2 (Ione)	265,125.00	-	265,125.00	2,313,484.27	11.46%	11.46%
Jackson Cty SD 9 (Eagle Point)	3,755,800.00	-	3,755,800.00	33,064,998.39	11.36%	11.36%
Linn Cty SD 7J (Harrisburg)	728,400.00	-	728,400.00	6,554,240.04	11.11%	11.11%
Umatilla Cty SD 6 (Umatilla)	958,900.00	420,690.00	1,379,590.00	12,656,208.14	7.58%	10.90%
Union Cty SD 5 (Union)	193,333.33	178,868.00	372,201.33	3,465,290.20	5.58%	10.74%
Lane Cty SD 66 (Crow-Applegate-Lorane)	250,200.00	-	250,200.00	2,540,257.85	9.85%	9.85%
Clackamas Cty SD 35 (Molalla River)	-	1,985,801.25	1,985,801.25	20,357,375.10	0.00%	9.75%
Lane Cty SD 32 (Mapleton)	184,325.00	-	184,325.00	2,026,368.95	9.10%	9.10%
Marion Cty SD 103 (Woodburn)	5,064,475.00	-	5,064,475.00	57,709,959.23	8.78%	8.78%
Multnomah Cty SD 40 (David Douglas)	4,713,837.50	3,520,612.00	8,234,449.50	94,714,834.30	4.98%	8.69%
Umatilla Cty SD 29J (Athena-Weston)	465,412.50	-	465,412.50	5,417,126.45	8.59%	8.59%
Jackson Cty SD 6 (Central Point)	3,238,350.00	-	3,238,350.00	38,167,703.00	8.48%	8.48%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Malheur Cty SD 8C (Ontario)	1,033,040.00	1,083,997.76	2,117,037.76	25,437,196.38	4.06%	8.32%
Lake Cty SD 14 (North Lake)	231,400.00	-	231,400.00	2,858,919.94	8.09%	8.09%
Douglas Cty SD 130 (Sutherlin)	-	859,625.75	859,625.75	11,377,594.20	0.00%	7.56%
Marion Cty SD 1 (Gervais)	-	1,062,035.50	1,062,035.50	14,264,975.61	0.00%	7.45%
Polk Cty SD 57 (Falls City)	-	191,851.00	191,851.00	2,637,667.82	0.00%	7.27%
Grant Cty SD 8 (Monument)	-	73,315.00	73,315.00	1,052,966.19	0.00%	6.96%
Grant Cty SD 3 (John Day)	-	414,290.26	414,290.26	5,963,903.27	0.00%	6.95%
Yamhill Cty SD 30J (Willamina)	258,800.00	264,420.90	523,220.90	7,674,940.16	3.37%	6.82%
Jackson Cty SD 35 (Rogue River)	605,457.89	-	605,457.89	8,896,806.50	6.81%	6.81%
Wasco Cty SD 21 (The Dalles) Bonds	-	1,672,230.00	1,672,230.00	24,822,011.65	0.00%	6.74%
Lane Cty SD 79 (Marcola)	393,212.50	-	393,212.50	6,333,147.91	6.21%	6.21%
Coos Cty SD 13 (North Bend)	1,254,409.30	1,056,697.06	2,311,106.36	38,673,732.15	3.24%	5.98%
Lane Cty SD 76 (Oakridge)	335,000.00	-	335,000.00	5,631,557.36	5.95%	5.95%
Douglas Cty SD 34 (Elkton)	180,850.00	-	180,850.00	3,052,765.24	5.92%	5.92%
Malheur Cty SD 84 (Vale) (UHD 3)	508,362.50	-	508,362.50	9,046,298.70	5.62%	5.62%
Union Cty SD 8J (North Powder)	181,700.00	-	181,700.00	3,540,274.99	5.13%	5.13%
Grant Cty SD 16J (Dayville)	49,141.90	-	49,141.90	993,689.12	4.95%	4.95%
Malheur Cty SD 61 (Adrian)	158,566.50	-	158,566.50	4,016,948.46	3.95%	3.95%
Klamath Cty SD	2,318,675.00	-	2,318,675.00	59,430,471.38	3.90%	3.90%
Clackamas Cty SD 53 (Colton)	172,765.00	-	172,765.00	4,504,732.51	3.84%	3.84%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Coos Cty SD 41 (Myrtle Point)	162,618.75	-	162,618.75	4,529,371.49	3.59%	3.59%
Linn Cty SD 129J (Santiam Canyon)	952,250.00	456,169.16	1,408,419.16	44,397,765.75	2.14%	3.17%
Coos Cty SD 8 (Coquille)	363,650.00	-	363,650.00	12,148,012.04	2.99%	2.99%
Lane Cty SD 71 (Lowell)	265,600.00	-	265,600.00	8,945,248.13	2.97%	2.97%
Malheur Cty SD 26 (Nyssa)	413,400.00	-	413,400.00	14,165,104.47	2.92%	2.92%
Douglas Cty SD 77 (Glendale)	93,038.75	-	93,038.75	3,269,407.71	2.85%	2.85%
Grant Cty SD 4 (Prairie City)	-	64,403.50	64,403.50	2,365,721.08	0.00%	2.72%
Douglas Cty SD 22 (North Douglas)	69,350.00	-	69,350.00	2,989,750.06	2.32%	2.32%
Baker Cty SD 5J (Baker)	-	923,184.76	923,184.76	41,358,418.24	0.00%	2.23%

Table A-10

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: Alpha List)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Baker Cty SD 5J (Baker)	-	923,184.76	923,184.76	41,358,418.24	0.00%	2.23%
Benton Cty SD 17J (Philomath)	1,094,400.00	650,998.00	1,745,398.00	12,855,642.74	8.51%	13.58%
Benton Cty SD 1J (Monroe)	376,625.00	186,082.00	562,707.00	3,440,642.29	10.95%	16.35%
Benton Cty SD 509J (Corvallis)	13,224,750.00	956,383.00	14,181,133.00	41,702,916.45	31.71%	34.01%
Clackamas Cty SD 108 (Estacada)	2,367,625.00	1,209,036.06	3,576,661.06	23,344,546.43	10.14%	15.32%
Clackamas Cty SD 115 (Gladstone)	4,229,750.00	1,850,970.50	6,080,720.50	15,735,179.52	26.88%	38.64%
Clackamas Cty SD 12 (North Clackamas)	41,275,697.87	12,669,523.25	53,945,221.12	112,748,481.57	36.61%	47.85%
Clackamas Cty SD 35 (Molalla River)	-	1,985,801.25	1,985,801.25	20,357,375.10	0.00%	9.75%
Clackamas Cty SD 3J (W.Linn-Wilsonville)	16,153,928.88	4,307,329.20	20,461,258.08	61,336,759.66	26.34%	33.36%
Clackamas Cty SD 46 (Oregon Trail)	6,719,750.00	-	6,719,750.00	30,804,688.01	21.81%	21.81%
Clackamas Cty SD 53 (Colton)	172,765.00	-	172,765.00	4,504,732.51	3.84%	3.84%
Clackamas Cty SD 62 (Oregon City)	7,375,106.50	4,522,344.66	11,897,451.16	57,003,337.77	12.94%	20.87%
Clackamas Cty SD 7J (Lake Oswego)	-	4,887,123.83	4,887,123.83	33,788,419.39	0.00%	14.46%
Clackamas Cty SD 86 (Canby)	7,152,271.18	4,167,452.40	11,319,723.58	34,631,172.69	20.65%	32.69%
Clatsop Cty SD 1 (Astoria)	3,629,100.00	1,939,212.25	5,568,312.25	12,394,764.22	29.28%	44.92%
Clatsop Cty SD 10 (Seaside)	5,022,077.32	919,200.70	5,941,278.02	158,916.55	3160.20%	3738.61%
Clatsop Cty SD 30 (Warrenton-Hammond)	2,065,925.00	350,315.46	2,416,240.46	6,483,665.56	31.86%	37.27%
Clatsop Cty SD 4 (Knappa)	564,300.00	-	564,300.00	4,494,022.92	12.56%	12.56%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: Alpha List)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Columbia Cty SD 13 (Rainier)	-	666,293.50	666,293.50	5,710,025.30	0.00%	11.67%
Columbia Cty SD 1J (Scappoose)	2,790,650.00	-	2,790,650.00	14,933,924.11	18.69%	18.69%
Columbia Cty SD 47J (Vernonia)	1,010,455.15	-	1,010,455.15	4,079,934.85	24.77%	24.77%
Columbia Cty SD 502 (St Helens)	2,625,200.00	2,810,998.50	5,436,198.50	19,533,776.19	13.44%	27.83%
Columbia Cty SD 6J (Clatskanie)	729,619.20	-	729,619.20	4,947,990.73	14.75%	14.75%
Coos Cty SD 13 (North Bend)	1,254,409.30	1,056,697.06	2,311,106.36	38,673,732.15	3.24%	5.98%
Coos Cty SD 41 (Myrtle Point)	162,618.75	-	162,618.75	4,529,371.49	3.59%	3.59%
Coos Cty SD 8 (Coquille)	363,650.00	-	363,650.00	12,148,012.04	2.99%	2.99%
Coos Cty SD 9 (Coos Bay)	3,323,510.07	1,259,488.00	4,582,998.07	25,995,992.59	12.78%	17.63%
Crook Cty School District	3,608,529.92	2,647,845.25	6,256,375.17	22,011,705.40	16.39%	28.42%
Curry Cty SD 1 (Central Curry)	387,650.00	-	387,650.00	2,161,399.70	17.94%	17.94%
Curry Cty SD 17 (Brookings-Harbor)	1,374,252.80	1,148,877.78	2,523,130.58	9,699,983.83	14.17%	26.01%
Deschutes Cty SD 1 (Bend-Lapine)	35,846,098.00	7,849,158.04	43,695,256.04	102,867,949.07	34.85%	42.48%
Deschutes Cty SD 2J (Redmond)	13,181,728.78	3,182,650.00	16,364,378.78	50,048,237.88	26.34%	32.70%
Deschutes Cty SD 6 (Sisters)	2,989,575.00	980,143.75	3,969,718.75	2,905,448.19	102.90%	136.63%
Douglas Cty SD 105 (Reedsport)	626,826.60	314,756.00	941,582.60	5,267,068.53	11.90%	17.88%
Douglas Cty SD 116 (Winston-Dillard)	969,100.00	1,366,432.00	2,335,532.00	11,478,881.19	8.44%	20.35%
Douglas Cty SD 12 (Glide)	909,400.00	338,609.00	1,248,009.00	4,972,298.96	18.29%	25.10%
Douglas Cty SD 130 (Sutherlin)	-	859,625.75	859,625.75	11,377,594.20	0.00%	7.56%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: Alpha List)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Douglas Cty SD 19 (South Umpqua)	-	1,449,694.51	1,449,694.51	12,441,761.84	0.00%	11.65%
Douglas Cty SD 22 (North Douglas)	69,350.00	-	69,350.00	2,989,750.06	2.32%	2.32%
Douglas Cty SD 34 (Elkton)	180,850.00	-	180,850.00	3,052,765.24	5.92%	5.92%
Douglas Cty SD 4 (Roseburg)	1,973,005.55	3,830,952.70	5,803,958.25	45,420,474.64	4.34%	12.78%
Douglas Cty SD 77 (Glendale)	93,038.75	-	93,038.75	3,269,407.71	2.85%	2.85%
Gilliam Cty SD 25J (Condon)	261,940.00	-	261,940.00	1,884,283.23	13.90%	13.90%
Grant Cty SD 16J (Dayville)	49,141.90	-	49,141.90	993,689.12	4.95%	4.95%
Grant Cty SD 3 (John Day)	-	414,290.26	414,290.26	5,963,903.27	0.00%	6.95%
Grant Cty SD 4 (Prairie City)	-	64,403.50	64,403.50	2,365,721.08	0.00%	2.72%
Grant Cty SD 8 (Monument)	-	73,315.00	73,315.00	1,052,966.19	0.00%	6.96%
Harney Cty SD 3 (Burns)	-	1,163,825.50	1,163,825.50	7,705,699.70	0.00%	15.10%
Hood River Cty SD (Hood River)	4,572,700.00	2,676,171.10	7,248,871.10	32,710,563.91	13.98%	22.16%
Jackson Cty SD 35 (Rogue River)	605,457.89	-	605,457.89	8,896,806.50	6.81%	6.81%
Jackson Cty SD 4 (Phoenix-Talent)	3,326,450.00	1,519,420.06	4,845,870.06	19,615,196.01	16.96%	24.70%
Jackson Cty SD 5 (Ashland)	7,095,400.00	-	7,095,400.00	13,785,524.33	51.47%	51.47%
Jackson Cty SD 549C (Medford)	12,781,950.00	4,196,484.00	16,978,434.00	112,006,667.14	11.41%	15.16%
Jackson Cty SD 6 (Central Point)	3,238,350.00	-	3,238,350.00	38,167,703.00	8.48%	8.48%
Jackson Cty SD 9 (Eagle Point)	3,755,800.00	-	3,755,800.00	33,064,998.39	11.36%	11.36%
Jefferson Cty SD 4 (Culver)	794,600.00	-	794,600.00	6,316,302.88	12.58%	12.58%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: Alpha List)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Jefferson Cty SD 509J (Madras)	4,127,278.12	1,396,468.76	5,523,746.88	29,290,568.12	14.09%	18.86%
Josephine Cty SD (Three Rivers)	2,486,237.50	2,715,896.70	5,202,134.20	35,988,027.22	6.91%	14.46%
Klamath Cty SD	2,318,675.00	-	2,318,675.00	59,430,471.38	3.90%	3.90%
Klamath Cty SD 1 (Klamath Falls)	3,120,900.00	-	3,120,900.00	24,688,540.02	12.64%	12.64%
Lake Cty SD 14 (North Lake)	231,400.00	-	231,400.00	2,858,919.94	8.09%	8.09%
Lane Cty SD 1 (Pleasant Hill)	1,401,556.26	-	1,401,556.26	7,959,865.73	17.61%	17.61%
Lane Cty SD 19 (Springfield)	7,368,700.00	5,678,847.10	13,047,547.10	84,853,810.32	8.68%	15.38%
Lane Cty SD 28J (Fern Ridge)	2,035,700.00	742,831.26	2,778,531.26	11,672,729.26	17.44%	23.80%
Lane Cty SD 32 (Mapleton)	184,325.00	-	184,325.00	2,026,368.95	9.10%	9.10%
Lane Cty SD 40 (Creswell)	1,465,993.70	418,399.40	1,884,393.10	10,488,756.89	13.98%	17.97%
Lane Cty SD 45J3 (South Lane)	2,958,237.50	1,265,211.50	4,223,449.00	23,350,390.87	12.67%	18.09%
Lane Cty SD 4J (Eugene)	36,910,841.88	5,252,707.26	42,163,549.14	104,836,929.42	35.21%	40.22%
Lane Cty SD 52 (Bethel)	7,549,586.32	-	7,549,586.32	42,177,895.77	17.90%	17.90%
Lane Cty SD 66 (Crow-Applegate-Lorane)	250,200.00	-	250,200.00	2,540,257.85	9.85%	9.85%
Lane Cty SD 69 (Junction City)	1,871,750.00	986,835.50	2,858,585.50	12,740,139.19	14.69%	22.44%
Lane Cty SD 71 (Lowell)	265,600.00	-	265,600.00	8,945,248.13	2.97%	2.97%
Lane Cty SD 76 (Oakridge)	335,000.00	-	335,000.00	5,631,557.36	5.95%	5.95%
Lane Cty SD 79 (Marcola)	393,212.50	-	393,212.50	6,333,147.91	6.21%	6.21%
Lane Cty SD 97J (Siuslaw)	-	1,019,772.10	1,019,772.10	7,218,685.33	0.00%	14.13%
Lincoln Cty Unified SD	6,556,025.00	3,826,588.00	10,382,613.00	23,779,405.71	27.57%	43.66%
Linn Cty SD 129J (Santiam Canyon)	952,250.00	456,169.16	1,408,419.16	44,397,765.75	2.14%	3.17%
Linn Cty SD 55 (Sweet Home)	1,654,225.00	1,354,268.75	3,008,493.75	19,728,640.04	8.38%	15.25%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: Alpha List)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Linn Cty SD 7J (Harrisburg)	728,400.00	-	728,400.00	6,554,240.04	11.11%	11.11%
Linn Cty SD 8J (Greater Albany)	13,924,304.17	4,513,759.44	18,438,063.61	71,571,389.52	19.46%	25.76%
Linn Cty SD 9 (Lebanon Community)	4,678,445.40	-	4,678,445.40	31,933,734.28	14.65%	14.65%
Malheur Cty SD 26 (Nyssa)	413,400.00	-	413,400.00	14,165,104.47	2.92%	2.92%
Malheur Cty SD 61 (Adrian)	158,566.50	-	158,566.50	4,016,948.46	3.95%	3.95%
Malheur Cty SD 84 (Vale) (UHD 3)	508,362.50	-	508,362.50	9,046,298.70	5.62%	5.62%
Malheur Cty SD 8C (Ontario)	1,033,040.00	1,083,997.76	2,117,037.76	25,437,196.38	4.06%	8.32%
Marion Cty SD 1 (Gervais)	-	1,062,035.50	1,062,035.50	14,264,975.61	0.00%	7.45%
Marion Cty SD 103 (Woodburn)	5,064,475.00	-	5,064,475.00	57,709,959.23	8.78%	8.78%
Marion Cty SD 14J (Jefferson)	710,687.50	760,430.25	1,471,117.75	7,504,243.76	9.47%	19.60%
Marion Cty SD 15 (North Marion)	1,944,700.00	1,316,174.00	3,260,874.00	16,508,544.18	11.78%	19.75%
Marion Cty SD 24J (Salem Keizer)	56,600,490.20	21,519,952.36	78,120,442.56	373,619,987.96	15.15%	20.91%
Marion Cty SD 29J (North Santiam)	1,637,812.50	1,733,099.75	3,370,912.25	16,713,865.42	9.80%	20.17%
Marion Cty SD 45 (St Paul)	561,300.00	-	561,300.00	2,671,173.32	21.01%	21.01%
Marion Cty SD 4J (Silver Falls)	4,087,298.83	1,781,241.00	5,868,539.83	32,867,811.12	12.44%	17.85%
Marion Cty SD 5 (Cascade)	1,621,675.00	1,692,334.25	3,314,009.25	21,140,790.91	7.67%	15.68%
Marion Cty SD 91 (Mt Angel)	888,012.50	-	888,012.50	7,111,001.71	12.49%	12.49%
Morrow Cty SD 1	2,062,525.00	839,917.00	2,902,442.00	17,916,628.40	11.51%	16.20%
Morrow Cty SD 2 (Ione)	265,125.00	-	265,125.00	2,313,484.27	11.46%	11.46%
Multnomah Cty SD 10J (Gresham-Barlow)	19,768,800.00	5,446,569.74	25,215,369.74	95,942,152.86	20.60%	26.28%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes Highlighted rows indicate % of Total Debt Service / *Net State Aid > 100% (School Districts: Alpha List)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Multnomah Cty SD 1J (Portland)	135,956,638.68	54,812,723.51	190,769,362.19	262,318,591.60	51.83%	72.72%
Multnomah Cty SD 28J (Centennial)	6,630,330.28	-	6,630,330.28	56,538,308.30	11.73%	11.73%
Multnomah Cty SD 3 (Parkrose)	6,468,689.50	1,536,820.00	8,005,509.50	12,777,049.05	50.63%	62.66%
Multnomah Cty SD 40 (David Douglas)	4,713,837.50	3,520,612.00	8,234,449.50	94,714,834.30	4.98%	8.69%
Multnomah Cty SD 51J (Riverdale)	423,537.42	479,452.75	902,990.17	3,657,471.80	11.58%	24.69%
Multnomah Cty SD 7 (Reynolds)	10,534,003.14	8,910,490.00	19,444,493.14	103,394,873.08	10.19%	18.81%
Polk Cty SD 13J (Central)	4,979,742.00	2,233,548.50	7,213,290.50	28,397,111.98	17.54%	25.40%
Polk Cty SD 2 (Dallas)	2,996,700.00	-	2,996,700.00	25,940,125.16	11.55%	11.55%
Polk Cty SD 57 (Falls City)	-	191,851.00	191,851.00	2,637,667.82	0.00%	7.27%
Tillamook Cty SD 101 (Nestucca Valley)	2,077,150.00	241,790.20	2,318,940.20	49,466.67	4199.09%	4687.88%
Tillamook Cty SD 56 (Neah-Kah-Nie)	1,370,315.00	-	1,370,315.00	77,608.15	1765.68%	1765.68%
Tillamook Cty SD 9 (Tillamook)	1,310,050.00	1,856,538.25	3,166,588.25	8,919,691.82	14.69%	35.50%
Umatilla Cty SD 1 (Helix)	472,512.50	-	472,512.50	2,271,996.20	20.80%	20.80%
Umatilla Cty SD 16R (Pendleton)	5,254,899.60	2,860,499.25	8,115,398.85	26,455,227.60	19.86%	30.68%
Umatilla Cty SD 2 (Pilot Rock)	358,964.00	248,996.36	607,960.36	3,499,754.47	10.26%	17.37%
Umatilla Cty SD 29J (Athena-Weston)	465,412.50	-	465,412.50	5,417,126.45	8.59%	8.59%
Umatilla Cty SD 5R (Echo)	366,525.00	190,718.00	557,243.00	3,161,656.75	11.59%	17.63%
Umatilla Cty SD 6 (Umatilla)	958,900.00	420,690.00	1,379,590.00	12,656,208.14	7.58%	10.90%
Umatilla Cty SD 61 (Stanfield)	752,000.00	390,687.75	1,142,687.75	5,084,012.04	14.79%	22.48%

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Umatilla Cty SD 8 (Hermiston)	8,221,835.87	1,373,329.96	9,595,165.83	52,582,950.70	15.64%	18.25%
Umatilla Cty USD 7 (Milton-Freewater)	795,000.00	1,487,162.75	2,282,162.75	15,687,285.16	5.07%	14.55%
Union Cty SD 1 (La Grande)	3,302,979.66	1,080,732.76	4,383,712.42	17,742,494.50	18.62%	24.71%
Union Cty SD 11 (Imbler)	453,000.00	-	453,000.00	3,439,501.69	13.17%	13.17%
Union Cty SD 5 (Union)	193,333.33	178,868.00	372,201.33	3,465,290.20	5.58%	10.74%
Union Cty SD 8J (North Powder)	181,700.00	-	181,700.00	3,540,274.99	5.13%	5.13%
Wasco Cty SD 21 (The Dalles) Bonds	-	1,672,230.00	1,672,230.00	24,822,011.65	0.00%	6.74%
Wasco Cty SD 29 (Dufur)	449,750.00	-	449,750.00	3,236,910.45	13.89%	13.89%
Washington Cty SD 13 (Banks)	1,222,900.00	336,101.64	1,559,001.64	7,839,427.93	15.60%	19.89%
Washington Cty SD 15 (Forest Grove)	8,779,650.00	2,755,393.66	11,535,043.66	52,443,435.26	16.74%	22.00%
Washington Cty SD 1J (Hillsboro)	37,808,229.60	9,823,688.66	47,631,918.26	142,910,236.56	26.46%	33.33%
Washington Cty SD 23J (Tigard-Tualatin)	14,718,553.50	3,935,360.34	18,653,913.84	74,223,142.01	19.83%	25.13%
Washington Cty SD 48J (Beaverton)	84,876,148.07	16,771,596.20	101,647,744.27	292,116,134.81	29.06%	34.80%
Washington Cty SD 511J (Gaston)	542,450.00	453,551.50	996,001.50	3,960,297.20	13.70%	25.15%
Washington Cty SD 88J (Sherwood)	14,389,825.00	1,378,866.50	15,768,691.50	36,783,302.54	39.12%	42.87%
Yamhill Cty SD 1 (Yamhill-Carlton)	1,607,433.68	1,041,372.00	2,648,805.68	7,122,184.87	22.57%	37.19%
Yamhill Cty SD 29J (Newberg)	2,969,825.00	3,872,565.75	6,842,390.75	33,852,586.21	8.77%	20.21%
Yamhill Cty SD 30J (Willamina)	258,800.00	264,420.90	523,220.90	7,674,940.16	3.37%	6.82%

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Yamhill Cty SD 40 (McMinnville)	9,836,350.00	3,166,360.90	13,002,710.90	54,808,848.74	17.95%	23.72%
Yamhill Cty SD 48J (Sheridan)	1,020,262.50	-	1,020,262.50	8,337,534.98	12.24%	12.24%
Yamhill Cty SD 4J (Amity)	652,962.00	763,041.50	1,416,003.50	7,480,876.55	8.73%	18.93%
Yamhill Cty SD 8 (Dayton)	1,387,200.00	818,623.50	2,205,823.50	8,332,743.45	16.65%	26.47%

Table A-11

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY20-21 *Net State Aid does not include State Managed Timber Revenues or Property Taxes (Community Colleges: High to Low based on Percentage of Debt Service to State Aid Guaranteed)						
District	**FYE21 OSBG Annual P&I DS**	**FYE21 Pension Annual P&I DS**	**FYE21 Annual DS P&I Total**	**FYE21 State Aid**	**FYE21 %OSBG/*Net State Aid**	**FYE21 %Total DS/*Net State Aid**
Oregon Coast Community College	1,991,875.00	211,981.90	2,203,856.90	2,528,662.82	78.77%	87.16%
Lane Community College	12,015,573.55	5,669,250.00	17,684,823.55	25,882,973.56	46.42%	68.33%
Blue Mountain Community College	1,941,206.26	1,002,203.80	2,943,410.06	4,886,726.06	39.72%	60.23%
Central Oregon Community College	3,412,524.00	1,286,542.00	4,699,066.00	8,312,475.02	41.05%	56.53%
Rogue Community College	3,635,650.00	1,898,658.20	5,534,308.20	11,132,235.12	32.66%	49.71%
Chemeketa Community College	10,629,881.26	4,183,435.20	14,813,316.46	34,860,692.88	30.49%	42.49%
Clatsop Community College	952,277.50	692,202.10	1,644,479.60	4,268,733.01	22.31%	38.52%
Columbia Gorge Community College (Treaty-Oak AED)	1,620,075.00	212,446.10	1,832,521.10	5,048,907.20	32.09%	36.30%
Tillamook Bay Community College	742,524.76	159,590.30	902,115.06	2,512,415.24	29.55%	35.91%
Clackamas Community College	3,720,100.00	2,894,674.84	6,614,774.84	18,485,461.11	20.12%	35.78%
Linn-Benton Community College	3,070,350.00	2,875,361.50	5,945,711.50	23,290,089.13	13.18%	25.53%
Mt Hood Community College	-	5,538,690.50	5,538,690.50	32,006,446.12	0.00%	17.30%
Southwestern Oregon Community College	-	1,332,881.00	1,332,881.00	8,082,017.77	0.00%	16.49%
Portland Community College	2,244,547.48	10,602,089.00	12,846,636.48	108,112,418.13	2.08%	11.88%
Umpqua Community College	-	1,169,905.00	1,169,905.00	13,004,756.15	0.00%	9.00%
Treasure Valley Community College	-	662,242.62	662,242.62	7,792,953.04	0.00%	8.50%

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APPENDIX B

Constitutional & Statutory Framework

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GENERAL OBLIGATION BONDS

General Purpose Bonds – Article XI, Section 7. The Oregon Constitution Article XI, Section 7 prohibits the State from incurring indebtedness exceeding $50,000 without a constitutional amendment approved by voters. This single limitation applies to both General Purpose and short-term general obligation debt. Exceptions are provided, such as in the case of war or invasion or to build and maintain permanent roads. This section does not apply to real property leases up to 20 years entered into by the State for a public purpose. There are currently no General Purpose bonds currently outstanding for this purpose.

State Highway Bonds – Article XI, Section 7. Article XI, Section 7 of the Oregon Constitution approves the issuance of bonds up to 1% of the true cash value of property in the State for the purpose of building and maintaining permanent roads within the State. Although these bonds have the State's General Obligation (GO) backing as security, the debt service funding source is provided by specifically earmarked vehicle registration fees and gasoline and weight-mile tax revenues. As of June 30, 2021, there was $27.4 million in outstanding GO bonds issued under this provision of the state constitution.

Veterans' Welfare Bonds – Article XI-A. This program, authorized by Article XI-A of Oregon's Constitution, allows the State to borrow up to 8% of the true cash value (TCV) of all taxable property in the state to fund the Oregon War Veterans' Fund. The fund is used to finance farm and home loans for eligible veterans. Although bonds issued under this program are direct general obligations of the State, for which a property tax may be levied, the program is fully self-supporting from loan repayments. Principal amount outstanding was $332.2 million as of June 30, 2021.

State Power Development Bonds – Article XI-D. Article XI-D of the Oregon Constitution provides authority to issue long-term GO debt, up to one and one-half percent of true cash value of all taxable property in the state, to provide for the development of hydroelectric power plants and transmission and distribution lines. This amendment to the Oregon Constitution was adopted in 1932 and has never been used.

State Forest Rehabilitation Bonds – Article XI-E. Article XI-E of the Oregon Constitution authorized the establishment of the Forest Rehabilitation bond program. The Article permits the state's credit to be loaned and indebtedness incurred in an amount not to exceed three-sixteenths of one percent of the state's true cash value to provide for the reforestation of land that the State currently owns or may acquire for the purpose of reforestation. Funds generated by the reforestation must be used to repay any outstanding debt issued under this provision. Property taxes are authorized to assist in the repayment of the debt if necessary. In addition to constitutional provisions, statutes place a limit of $750,000 of debt per year that can be incurred for this program. This program was put in place in response to the 1933 "Tillamook Burn" which ravaged 240,000 acres of forestland in Tillamook County. The program has not been used since 1971 and there are no outstanding bonds under this authorization.

Higher Education Building Bonds – Article XI-F (1). The Oregon Constitution allows the State to issue GO bonds for publicly-owned higher education facilities under two separate Articles, XI-F (1) and XI-G. Article XI-F(1) authorizes the State Board to borrow up to three-quarters of one percent of state true cash value to finance higher education building and land acquisition projects. Projects financed through this program must be fully self-supporting and self-liquidating from non-General Fund revenues, including tuition, gifts, grants, leases, and/or student building fees.

Principal amount outstanding was $1.03 billion as of June 30, 2021. SB 270 (2013) authorized the establishment of independent universities with governing boards for the universities that were formerly part of the Oregon University System (OUS); these independent governing boards now have the ability to sell their own university revenue bonds that rely upon the same types of revenue streams for debt repayment that are also used for repayment of XI-F (1) bonds.

Under SB 270, for the newly independent universities to have continued access to the State's XI-F (1) bonding programs, any issuance of university revenue bonds must first be reviewed and approved by the Office of the State Treasurer (OST). Several revenue bonds have been reviewed and approved by OST to date for the University of Oregon and Oregon State University. These revenue bonds were eagerly accepted by the investing public, as both schools have strong, investment grade credit ratings. It is anticipated that the State will continue to issue XI-F (1) bonds for legislatively authorized projects for the balance of independent public universities with substantially lower or no credit ratings, given the significant interest cost savings afforded these universities by the State's higher credit ratings.

Higher Education Facilities and Community College Bonds – Article XI-G.[16] In addition to Article XI-F(1) provisions, Article XI-G, adopted in 1964, allows a debt limit of up to three-fourths of one percent TCV to finance public higher education institution and community college facilities that are not revenue producing. Unlike Article XI-F (1), however, Article XI-G requires that any indebtedness incurred under Article XI-G not exceed the dollar amount appropriated from the State's General Fund for the same or similar purpose as the indebtedness to be incurred. As a result, this type of bond is not issued, unless there is also a legislatively authorized and matching appropriation equal to at least 50% of the overall cost of the project.

Historically, Article XI-G bonds for higher education were used to finance instructional and public service facilities of the OUS and community colleges. General Fund appropriations are made annually to pay debt service on these bonds. Despite the change in university governance structure established by SB 270, the State anticipates it will continue to issue XI-G bonds for legislatively authorized projects at the seven independent universities and at the Oregon Health and Sciences University (OHSU). As of June 30, 2021, the principal amount outstanding for Community College XI-G bonds was $229.3 million and $735.2 million for Higher Education Facilities XI-G bonds.

ORS 341.009 directs that the state should maintain a policy of substantial state participation in community college building costs. In the 1960s and 1970s, State GO bonds were issued to help support the costs of the expanding network of Oregon community colleges. The demand for a highly skilled workforce in Oregon has continued to grow, as has the need to support the retraining of existing workers for today's increasingly technical job market. Since 2007, the Legislature has included authorization of XI-G bonding in varying amounts for select community college instructional facilities.

Pollution Control Bonds – Article XI-H. Funds of up to 1% of the State's true cash value may be borrowed for purposes of financing pollution abatement and control facilities, as well as pollution control and disposal activities of State and local government agencies. This authorization, granted under Article XI-H, requires that most facilities funded by the program, with the exception of pollution control and disposal activities and hazardous substance facilities, must "conservatively appear" to be at least 70% self-supporting and self-liquidating from revenues, gifts, federal grants, user charges, assessments and other fees.[17] Property taxing authority is provided as an additional source of revenue to support these bonds, but this authority has never been used. Historically, the portion of the debt service of these bonds associated with orphan hazardous disposal site clean-up has been repaid by General Fund appropriation, with the balance of debt service repaid by DEQ fees and repayment on loans. (Please see the "General Fund Supported Debt" chapter of this report for more information on General Fund versus Other Fund split.) The amount of General Fund support may vary over time. Principal amount outstanding was $23.7 million as of June 30, 2021.

Water Resources Bonds – Article XI-I (1). Up to one-half of one percent of the true cash value of property within the State may be borrowed to provide funds for loans to construct water development projects. Project purposes include irrigation and drainage, community water supply, fish protection and watershed restoration. Authorized by Article XI-I (1), at least 50% of these funds are reserved for irrigation and drainage projects. The program is intended to be self-supporting from revenues received pursuant to financing agreements with project borrowers. There were no bonds outstanding under this program as of June 30, 2021.

Elderly and Disabled Housing Bonds – Article XI-I (2). Funds may be borrowed to finance multifamily housing for elderly and disabled persons under Article XI-I (2). This program, under which one-half of one percent of state property true cash value may be borrowed, is fully self-supporting from project mortgage loan revenues. Principal amount outstanding was $27.3 million as of June 30, 2021.

Alternate Energy Bonds – Article XI-J. The Department of Energy is authorized by Article XI-J to incur debt up to one-half of one percent of the true cash value of all taxable property of the state to finance development of small-scale local energy projects (SELP). Projects are funded only if they can demonstrate there will be sufficient revenues to repay the loan. Although the program has the State's GO backing, it was designed and has historically been fully self-supporting from loan repayment revenues. Over the past several years, the Department wrote-off several large loans to private parties that were deemed non-collectible, which depleted SELP's loan reserves. Recent cash flow analysis shows that the State will need to make cash infusions starting this biennium of $4.4 million for the Department to meet its current debt service obligations.

Approximately $70 million in Article XI-J bonds has been issued for energy upgrades and efficiency projects throughout the OUS system, a significant amount of which will be repaid through General Fund annual appropriations. Overall, the General Fund is now paying 40% of the overall debt service for the SELP program. There were $108.0 million in outstanding Article XI-J bonds as of June 30. 2021.

Oregon School Bond Guaranty Program – Article XI-K. Article XI-K of Oregon's constitution authorizes the State Treasurer to pledge the full faith and credit of the State to guaranty the GO bonds of Oregon common or union high school districts, education service districts or community college districts. The State Treasurer may also issue State GO bonds to meet the State's obligations under the Oregon School Bond Guaranty Program. The amount of State GO bonds that can be issued to back the guaranties is limited to one half of one percent of TCV of all taxable property in the state. As of the date of this report, the State had not issued any debt permitted under the provisions of Article XI-K.

Oregon Opportunity Bonds – Article XI-L. Authorizes bonds to finance capital costs of the Oregon Health and Sciences University (OHSU) in an aggregate principal amount that produces net proceeds for the University in an amount that does not exceed $200 million. Section 1 of the Article authorizes debt not to exceed one-half of one percent of the real market value of all property in the State. However, the State is not permitted to levy ad valorem (property) taxes to pay the bonds. The legislation authorizing the program contemplates that the bonds may be paid from tobacco settlement revenues, but those revenues are not directly pledged to pay the bonds. Principal amount outstanding was $36.6 million of June 30, 2021.

Seismic Rehabilitation of Public Education Buildings – Article XI-M. Authorizes bonds to be issued to provide funds for the planning and implementation of seismic rehabilitation of public education buildings. Outstanding authorized debt may not exceed one-fifth of one percent real market value of all property in the State. Ad valorem property taxes may not be pledged to repay these bonds. Principal amount outstanding was $297.7 million as of June 30, 2021.

Seismic Rehabilitation of Emergency Services Buildings – Article XI-N. Authorizes bonds to be issued to provide funds for the planning and implementation of seismic rehabilitation of emergency services buildings. Outstanding authorized debt may not exceed one-fifth of one percent real market value of all property in the State. Ad valorem property taxes may not be pledged to repay these bonds. Principal amount outstanding was $65.3 million as of June 30, 2021.

Pension Obligation Bonds – Article XI-O. Pension Obligation Bonds (POBs) were issued under the authority of Article XI-O of the Oregon Constitution and House Bill 3659 in October 2003 in the principal amount of $2,083,960,000. These bonds are general obligations of the State to which the full faith and credit and taxing power of the State (other than the State's power to levy ad valorem property taxes) are pledged. Proceeds of the POBs were used to pay a substantial portion of the State's unfunded actuarial liability (UAL) of the Oregon Public Employees Retirement System (PERS). The UAL is the State's portion of the difference between PERS' actuarial liability and fair market value of assets in the Public Employees Retirement Fund (PERF) available to pay such liability on November 1, 2003.

The amount of outstanding indebtedness authorized by Article XI-O is limited to 1% of the real market value of all property in the state. Debt service on the bonds is allocated among both General Fund and non-General Fund State agencies based on the payroll of such agencies. The State expects that the allocated costs to each agency will be less than if the State did not issue the bonds. Approximately 65% of the bond debt service is paid by non-General Fund resources leaving 35% of the debt service to be paid with General Fund resources. The final payment on these bonds will occur in FY 2027. Principal amount outstanding on the POBs was $1.23 billion as of June 30, 2021.

School Construction Bonds – Article XI-P. In May 2010, the Oregon electorate adopted a constitutional amendment allowing for the issuance of State GO bonds as a match to local public school district funds for school capital projects (Article XI-P bonds). This constitutional amendment authorizes the State to incur indebtedness in an amount not to exceed one-half of one percent of the real market value of the real property in the state, but does not authorize a levy on property taxes to pay for these bonds

The 2015 Legislature authorized the bond program's initial sale of bonds for this program, as well as adopting SB 447, which authorized the establishment of the Office of School Facilities within the Oregon Department of Education. The Office of School Facilities was created to administer the new bond program and the Oregon State Capital Improvement Program (OSCIM Program) with the goal of increasing local school district investment in their capital construction and school facilities. The OSCIM Program provides "matching" grants intended to incentivize local voters to vote for school construction general obligation bonds by matching state dollars with local funds.

The OSCIM Program awards funds through two means, a priority list and first in time list. The priority list ranks all districts based on a formula using their assessed value and poverty rate. Districts with lower assessed values and higher poverty rates are higher on the priority list and receive commitments first. The first in time list awards districts commitments based on the time they turn in their applications. All districts that submit during a specified time period are considered to have turned in their applications at the same time and a lottery is used to award funds until XI-P bond funds are depleted. The size of the award is based on a formula with most districts in the state receiving a maximum award of $4 million although larger districts can receive a maximum of up to $8 million. As of June 30, 2021, there was $262.3 million in bonds outstanding through this program.

State General Purpose Bonds – **Article XI-Q.** Authorizes the State to incur indebtedness in an amount not to exceed 1% of the real market value of the real property in the state to provide funds to acquire, construct, remodel, repair, equip or furnish real or personal property that is or will be owned and/or operated by the State of Oregon. Passed by voters in November 2010 and enacted into statute the following year by the 2011 Legislative Assembly, the Article XI-Q bonding program replaced the Certificate of Participation bonding program as a means of financing most state-owned property due to its superior credit ratings and lower cost of funds. As of June 30, 2021, the principal outstanding for Article XI-Q bonds totaled $2.3 billion.

DIRECT REVENUE BONDS

Single-Family and Multifamily Revenue Bonds – ORS 456.645. Oregon Revised Statute 456.645 to 456.725 authorizes the Housing and Community Services Department to issue revenue bonds for the purpose of financing single-family mortgage loans and multifamily housing projects. The statute limits outstanding debt to $2.5 billion. These bonds are fully self-supported with payment for the bonds coming from project rental revenues, as well as mortgage payments and fees. Principal amount outstanding was $1.20 billion as of June 30, 2020.

State Highway User Tax Bonds – ORS 367.605. The Oregon Constitution Article IX, Section 3a and Oregon Revised Statutes 367.605 to 367.665 authorize the Department of Transportation to issue highway user tax revenue bonds to provide proceeds for building and maintaining permanent public roads. Highway user tax bonds differ from other State revenue bond programs in that they are secured by constitutionally dedicated tax proceeds from fuel sales and other taxes or fees charged for vehicle use and licensing. However, they are typical of revenue bond programs in that they are not secured by the State's GO pledge.

The 1999 Legislative Assembly under ORS 367.620 authorized the issuance of debt up to $138.4 million in highway user tax bonds. Under this authorization, the Department issued bonds in the amount of $58,355,000 in August 2000. The remainder of this authorization was repealed in 2001 Oregon Laws Chapter 669.

The 2001 Legislative Assembly revised ORS 367.620(2) to approve issuance of $400 million of new highway user tax bonds. House Bill 4010, passed during the First Special Session of the 2002 Legislature, again revised ORS 367.620 increasing the issuance of new highway user tax revenue bonds sufficient to produce net proceeds of not more than $500 million. The authority granted was further restricted to an aggregate principal amount that the department reasonably believes can be paid with $71.2 million in biennial debt service.[18] As of December 31, 2008, the Department had issued all $500 million in net proceeds under this authorization; there is no remaining bonding authority under these provisions.

The 2003 Legislative Assembly approved HB 2041 amending ORS 367.620(3) to provide additional authority for $1.9 billion net proceeds in highway user tax revenue bonds for bridges and highway modernization purposes. It was envisioned at that time that bonds supporting this program authorization would be issued over several years; in 2010, the final series of highway user tax revenue bonds for this program was issued.

In 2009, the Legislative Assembly enacted the Jobs and Transportation Act (JTA) which authorized the Department to issue up to $840 million in net proceeds through the issuance of additional highway user tax revenue bonds for specific congestion management projects. The final series of revenue bonds associated with this authorization was sold in FY 2017.

The total principal amount outstanding for highway user tax revenue bonds was $2.44 billion as of June 30, 2021.

Oregon Transportation Infrastructure Fund Bonds – ORS 367.015. ORS 367.015 to 367.030 authorize the Department of Transportation to issue revenue bonds for the Oregon Transportation Infrastructure Fund. The fund is to provide infrastructure loans and assistance for transportation projects. The total principal amount of revenue bonds that may be issued and outstanding at any one time under this authorization cannot exceed $200 million. Currently, no Transportation Infrastructure Fund bonds authorized by these provisions have been issued or are outstanding.

City and County Roads and Recreation Facilities Bonds – ORS 367.700. ORS 367.700 to 367.750 authorizes State Department of Transportation bonded indebtedness in the aggregate principal amount of $50 million. This provision was enacted into law in 1975 for the purpose of providing funds to cities and counties to defray the costs of city and county street construction and the acquisition, development, maintenance and care of public park and recreation facilities. No State bonds have ever been issued under the provisions of this legislation.

Oregon Bond Bank Revenue Bonds – ORS Chapter 285B.467. The Oregon Economic and Community Development Department (OECDD) have been granted statutory authority to issue bonds under two revenue bond programs. Pursuant to ORS 285B.410 through 285B.479, bonds, may be issued to fund the Special Public Works Fund (SPWF) to assist municipalities in financing the infrastructure necessary for economic development. In addition, the Department, pursuant to ORS 285B.572 through 285B.587, may issue bonds to finance loans to municipalities for safe drinking water projects and wastewater system improvement projects. Bond proceeds under this program are used to fund the Water/Wastewater Financing Program to deliver funds to eligible municipalities. The bonds are payable from loan repayments made by municipalities. Under each of these programs, the Department is authorized to request the State to withhold any amounts otherwise due to the municipality from the State to pay such amounts that may be owed.

In 1997, the Oregon State Legislature enacted ORS 285B.482 to authorize the consolidation of proceeds of revenue bonds issued for the SPWF Program and the Water/Wastewater Program. Future bonds for these programs are issued under the consolidated Oregon Infrastructure Authority Bond Bank Revenue Program. Additionally, all prior bonds issued under these programs are considered parity bonds. Future bonds supporting the SPWF and the Water/Wastewater programs will be issued as single series under the Oregon Infrastructure Authority Bond Bank Revenue Bond program. Principal amount outstanding is $57.3 million as of June 30, 2021.

Lottery Revenue Bond Program(s) – ORS 286A.560 to 286A.585. The Oregon State Lottery was created by an amendment to the Oregon Constitution in 1984. That amendment revised Article XV, Section 4 of the Oregon Constitution to require the establishment and operation of the Oregon State Lottery. Article XV, Section 4 requires that all proceeds from the Lottery, including interest earnings but excluding expenses and payment of prizes, be used for creating jobs, furthering economic development, financing public education in Oregon or restoring and protecting Oregon's parks, beaches, watersheds and critical fish and wildlife habitats. The Article also requires the Legislative Assembly to appropriate Lottery net proceeds in amounts sufficient to pay lottery bonds before appropriating the Lottery's net proceeds for any other purpose.

The first statutory authority, ORS 391.140, permitted the issuance of up to $115 million in bonds for financing the costs of development, acquisition, and construction of the Westside corridor light-rail project. Subsequently, the Legislative Assembly has authorized additional Lottery-backed bond programs at each of its regular sessions. In 1999, the Legislature passed Senate Bill 200 to combine previously enacted legislation authorizing lottery bonds into a single Act. The Act, incorporated as ORS 286A.560 to 286A.585, creates a single consistent legislative authorization and uniform administrative procedures for all lottery bonds issued by the State of Oregon. As of June 30, 2021, Lottery Bond principal amount outstanding was $1.04 billion.

Forest Development Revenue Bonds – ORS 530.140. The State Forestry Department is authorized by the provisions of ORS 530.140 to 530.147 to sell revenue bonds of the State of Oregon, to be known as Oregon Forest Development Revenue Bonds. No bonds have been issued or are outstanding under this authorization.

Oregon Student Assistance Revenue Bonds – ORS 348.655. Bond authorization and eligibility requirements are defined by ORS 348.655 to 348.695. It authorizes the issuance of up to $30 million annually in revenue bonds to fund loans to support the "alternative student loan" program. Eligible student, as defined by ORS 348.618, means a student enrolled in an eligible post-secondary educational institution located in Oregon or a student who is an Oregon resident and who is enrolled in an eligible post-secondary educational institution located outside of Oregon. To date, no debt has been authorized or issued under this authorization.

Oregon Innovation Revenue Bonds – ORS 284.746. Bond authorization and project eligibility requirements are defined by ORS 284.740 to 284.749. These bonds are intended to fund loans and grants related to innovation-based economic development projects, as determined by the Oregon Innovation Council. To date, no debt has been authorized or issued under this authorization.

CONDUIT REVENUE BONDS

The State has authorized four conduit or "pass-through" revenue bond programs. Under these programs, the State is considered the issuer but has no obligation to fund debt service payments other than out of payments from the entities on whose behalf the bonds are issued.

Oregon Facilities Authority (OFA) – ORS Chapter 289. The Oregon Facilities Authority, formerly named the Health, Housing, Educational, and Cultural Facilities Authority, was created in 1989 and operates pursuant to Oregon Revised Statues Chapter 289. OFA is a public corporation empowered to issue conduit revenue bonds and assist with the assembling and financing of lands for health care, housing, educational and cultural uses and for the construction and financing of facilities for such uses. Effective January 1, 2007, OFA's mandate was expanded to include the financing for all non-profit institutions, organizations or entities within the State that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code, as defined in ORS 314.011. The Authority reviews proposed projects and makes recommendations to the State Treasurer whether to finance the project through the issuance of limited obligation bonds.

Although the State Treasurer issues OFA bonds, they are repaid solely from revenues generated by the projects being financed or from other sources available to the borrower. The State has no financial obligation for these bonds and bondholders have no recourse against the properties, funds or assets of the Issuer, the State, or the Authority for payment of bond debt service. Bondholder's only recourse for payment of the bonds is against the actual borrower.

In 2007, OFA initiated the Small Nonprofit Accelerated Program (SNAP Bond Program), which is a streamlined low-cost private placement program for smaller non-profits that is simple to use and generally has smaller transaction costs. Principal amount outstanding for OFA in total was $1.84 billion as of June 30, 2021.

Industrial Development Revenue Bonds – ORS Chapter 285B. The Oregon Business Development Commission is empowered, pursuant to ORS 285B.320 to 285B.371, to issue Industrial Development Revenue Bonds through the Oregon Business Development Department, with the approval of the State Treasurer. They are issued as limited obligation bonds payable only from project revenues or other sources available to the borrower. Industrial or economic development revenue bonds do not constitute an indebtedness of the Issuer, the Commission, or the State. Proceeds of these bonds are loaned to private businesses to finance various expansions, relocations, retentions, and other projects that will stimulate economic development and provide jobs in the State. Prior to approval of issuance, the State subjects individual projects to a cost effectiveness test to ensure that the public benefits of a project outweigh the related public costs. Principal amount outstanding was $562.2 million as of June 30, 2021.

Housing Development Revenue Bonds – ORS 456.692. The Oregon Housing and Community Services Department is authorized pursuant to ORS 456.692 to issue conduit revenue bonds through the State Treasurer for Housing Development. The multifamily housing program provides financing for developments in which a certain number of the housing units are for persons and families of lower income. Each bond issue finances multi-family housing projects that are separately secured by revenues and assets specifically pledged by the borrower. Similar to the other State conduit revenue bond programs, as noted above, there is no bondholder recourse to the State for payment should the project not be able to meet its debt service requirements. Principal amount outstanding was $671.77 million as of June 30, 2021.

Beginning and Expanding Farmer Revenue Bonds – ORS 285.430. The Oregon Business Development Department is authorized pursuant to ORS 285.430 to issue conduit revenue bonds to fund Beginning and Expanding Farmer loans for approved agricultural projects. Bond issues finance loans that are secured by revenues and assets specifically pledged by the borrower. Similar to other State conduit revenue bond programs, as noted above, there is no bondholder recourse to the State for payment should the borrower not be able to meet its debt service obligations. As of June 30, 2021, two small loans have been issued through this program and there is no outstanding balance.

APPROPRIATION CREDITS

Appropriation Bonds – SB 856 – 2003 Legislature. Senate Bill 856, the Appropriation Bond Act, was passed by the 2003 Legislative Assembly. The Act authorized the issuance of bonds to assist the State of Oregon in balancing its budget for the 2001-2003 Biennium. Appropriation bonds in the par amount of $431,560,000 were issued in April 2003. These bonds are special obligations of the State payable solely from appropriated moneys and do not represent a general, unlimited-tax obligation of the State. In the Appropriation Bond Act, the Legislative Assembly acknowledged its current intention to apply the moneys available to the State from tobacco settlement revenues to pay the debt service for the appropriation bonds. As of June 30, 2021, there were no outstanding bonds under this authorization.

Certificates of Participation – ORS Chapter 283.085. Oregon Revised Statutes 283.085 to 283.092 permit the State to enter into financing agreements, including lease purchase agreements, installment sale agreements and loan agreements to finance essential real or personal property and issue certificates of participation evidencing these financing agreements.

Certificates of Participation (COPs) are considered tax-exempt government securities and special obligations of the State payable solely from available funds. They are not general obligations secured by the full faith and credit of the State. Rather, the Oregon Legislature must appropriate COP repayment amounts each biennium for which repayments are scheduled. If the Legislature were to deny a budget request to make the COP payments for a future biennium, the COP Trustee would exercise available legal remedies against the State. These remedies could include the denial of the use of the building(s) or the equipment financed by the COPs for which payment had been denied. While the state's General Fund has been traditionally viewed as the source of repayment for all COP debt, a recent review indicates that a portion of this debt service payment is actually paid by other revenues. (Please see "General Fund-Supported Debt Capacity" chapter of this report for additional information.)

Passage of Ballot Measure 11 by Oregon voters in 1994 is directly related to the significant increase in COP debt from about $191 million in FY 1995 to about $1.1 billion in FY 2008. Measure 11 created mandatory minimum penalties for specified crimes and required that juveniles charged with certain violent crimes be tried and sentenced as adults. The practical effect of Measure 11 is the considerable requirement for increased construction of adult and juvenile prisons and correctional facilities.

Beginning with the construction of the Snake River Correction Facility in Ontario in the early 1990s, the Oregon Department of Corrections has used COPs to finance the major expansion of the prison system. The proceeds from COPs are also used for the construction of local jail capacity related to the SB 1145[19] population, purchase of property, design costs, site costs, major improvements or upgrades of existing facilities, and the staff costs associated with the construction and improvement of facilities.

Since the passage of Article XI-Q GO bonds for state owned and/or operated facilities by voters in 2011, the State has dramatically reduced the use of this financing mechanism, as GO bonds provide a higher rating and lower cost of funds compared to COPs. In addition, the State has refinanced a significant portion of existing COP debt with Article XI-Q bonds. In March 2019, the State issued $100 million in COPs to fund the partial decoupling of the Elliott State Forest from the Common School Fund – given the unusual nature of this financing, COPs rather than XI-Q GO bonds were used to provide funds to offset the financial impacts that environmental restrictions that have imposed on the revenue-generating ability of this forest. Principal amount outstanding for remaining COP debt was $95.67 million as of June 30, 2021.