

Executive Numbered Memo 004-2015-16 - Senate Bill 447 Implementation

To: Superintendents and Business Managers
From: Rick Crager, Assistant Superintendent, Office of Finance and Administration
RE: Senate Bill 447 Implementation

Summary: Senate Bill 447 directs the Oregon Department of Education to establish an Office of School Facilities and distribute grant funds and technical assistance to support local capital improvement efforts.

The Oregon Department of Education (ODE) is very excited about the passage of Senate Bill (SB) 447 (2015). This piece of legislation will enable the Department to work in partnership with school districts to more effectively address the facility needs of Oregon's schools. Through the implementation of SB 447, ODE will provide technical assistance, information, and grant programs that support school districts in addressing local facility needs. As part of our responsibilities under SB 447, ODE will:

1. Establish an Office of School Facilities (OSF) within ODE that will be responsible for developing, implementing, and administering all programs and other duties outlined in SB 447.
2. Develop and administer the Oregon School Capital Improvement Matching Program by providing approximately \$123 million in bond proceeds for state matching grants to school districts that assist in financing locally approved bond facility projects.
3. Provide technical assistance and establish standards for facilities assessments and long-range facilities plans for school districts. This includes developing and administering a certification program for pre-qualified service providers for these types of assessments and plans.
4. Administer \$1.76 million in technical assistance grants to school districts for acquiring services for facilities assessments; long-range facilities plans; and seismic or other specialized assessments.
5. Administer a "Hardship Fund" used to assist school districts in cases where they face critical facility needs but have been unsuccessful in garnering support from their local communities in passing school bond measures for capital costs.
6. Maintain the Oregon School Facilities Database to collect information that can be used in analyzing, planning, and prioritizing school capital improvement needs throughout the state.

Office of School Facilities

The Office of School Facilities has been established as a part of the Office of Finance and Administration under the management and oversight of Mike Wiltfong, the Director of School Finance and School Facilities. While the OSF will not start up until January 2016, ODE has already mobilized existing staff, as well as State Treasurer's Office staff, to begin program development and implementation. In addition, ODE is working to organize advisory committees to provide guidance and advice in developing and administering the different responsibilities of the office. It is expected that an advisory committee will be organized and convened beginning in early October to help with the development of program rules and guidelines.

Oregon School Capital Improvement Matching (OSCIM) Program

The OSF has the authority to sell \$126.2 million in state-backed general obligation bonds during the 2015-17 biennium. OSF is currently working with the State Treasurer's office to create the internal systems and capacity necessary to sell these bonds. Once this capacity is in place, OSF will develop a plan to issue these bonds throughout the 2015-17 biennium that will result in approximately \$123 million in grant funding for the OSCIM Program.

OSF is also working on the OSCIM Program rules and guidelines for distribution of the \$123 million in grant funding. SB 447 requires that 60% (approximately \$73.8 million) of the funds made available for grants be distributed to school districts that pass local bonds, based on a priority list. The remaining 40% (about \$49.2 million) will be distributed to school districts based on the order in which ODE receives the required application. ODE anticipates allocating portions of the funds for

both the priority list and application process prior to each local bond election scheduled in May 2016, November 2016, and May 2017.

The OSF is planning on conducting an application process from December 15, 2015 to January 14, 2016 that will provide funding commitments for the May 2016 election in late January. A critical objective of the OSCIM program is to encourage local voters to invest in their school districts. Providing solid commitments to districts prior to the filing deadlines for bond measures will accomplish this goal. For schools districts who are successful in passing their local bond in May, funding commitments will be awarded through an grant agreement sometime in June 2016.

Provide Technical Assistance and Technical Assistance Grants

The OSF will also assist school districts with long range facility plans, facilities assessments, and other specialized assessments. OSF will first establish and maintain standards for facility assessments and long-range facility plans. Second, OSF will provide technical assistance grants to school districts so they can obtain these assessments. Finally, OSF, with input from its advisory group, will develop a list of providers that are qualified to conduct these assessments for school districts. This is important because starting in 2017, these assessments will be a pre-requisite for obtaining funds from the OSCIM Program.

OSF will be working with advisory groups to develop both the standards and grant program through early Spring 2016. It is anticipated that funding for the technical assistance grant programs will become available in June 2016.

Hardship Funds

Another program that OSF will offer will be grants for school districts that have critical facility needs but have been unsuccessful in passing local bond measures to fund the need. This program will provide grants of up to \$500,000 from a "Hardship Fund" that is funded with the unused biennial appropriation earmarked in the State School Fund for facility grants. Since the amount of unused appropriation will not be known until the end of the 2015-17 biennium, this program will not be available until sometime during the 2017-19 biennium.

Oregon School Facilities Database

The OSF is also charged through SB 447 to maintain the Oregon School Facilities Database. The early development of this database began in 2013-15 under SB 540. With the passage of SB 447, the OSF will continue to develop and refine the Oregon School Facilities Database in order to provide better information on school facilities across Oregon and maximize the investments into their capital needs. There will need to be a data collection to help populate and maintain the information needed for this program. However, at this time the OSF is working with other state agencies to collect as much data as possible that districts have already provided to the state. Additionally, the OSF is reviewing the current data structure to ensure that the data requested meets the goals of both the original SB 540 as well as SB 447. Because of this work, the data collection for school districts will not open until the 2016-17 school year.

SB 447: Key Target Dates for Implementation

Target Date	Action
Sept. 2015	Establish the Office of School Facilities
Oct. 2015 – Nov. 2015	Convene Advisory Group on Program Rules for OSCIM Program
Jan. 2016	Adopt Program Rules for OSCIM Program
Jan. 2016 – Mar. 2016	Convene Advisory Group on Tech. Asst. Standards and Program Rules
Dec. 2015 – Jan. 2016	Initiate OSCIM Program Application Process for May 2016 Election
Jan. 2016	Commit OSCIM Program Funds for May 2016 Election
May 2016	Adopt Technical Assistance Standards and Rules for TA Grants
June 2016	Award OSCIM Program Funds Based on May 2016 Election Results
June 2016	Provide Funding Opportunities for Technical Assistance Grants
June 2016-July 2016	Initiate OSCIM Program Application Process for Nov. 2016 Election
July. 2016	Commit OSCIM Program Funds for Nov. 2016 Election
Dec. 2016	Award OSCIM Program Funds Based on Nov. 2016 Election Results
Dec. 2016	Issue State Bonds to Fund May and Nov. 2016 Awards
Jan. 2017 – Mar. 2017	Convene Advisory Group on Hardship Fund Program Rules
Dec. 2016 – Jan. 2017	Initiate OSCIM Program Application Process for May 2017 Election
Jan.. 2017	Commit OSCIM Program Funds for May 2017 Election
June 2017	Award OSCIM Program Funds Based on May 2017 Election Results
June 2017	Issue State Bonds to Fund May 2017 Awards
July 2017 – June 2019	Provide Funding Opportunities for Hardship Fund Grants

**** The highlighted target dates represent when funding opportunities are estimated to be available.***

As ODE progresses on the implementation of this important piece of legislation, we will continue to provide updates on our status and progress.