2023

Report of the State Debt Policy Advisory Commission

Commission Report

January 6, 2023

State Debt Policy Advisory Commission Members

TOBIAS READ, Chair
Oregon State Treasurer, *Ex-Officio Member*

NANCY NATHANSON
Representative, District 13, *House of Representatives Appointee*

TIMOTHY DUY
Professor of Economics, University of Oregon, *Public Member*

KATHLEEN TAYLOR
Senator, District 21, *Senate Appointee*

BERRI LESLIE
Director, Department of Administrative Services, *Ex-Officio Member*

Staff
Debt Management Division, Office of the State Treasurer
867 Hawthorne Ave SE
Salem, Oregon 97301-9682
Phone: 503-378-4930
Email: dmd@ost.state.or.us
www.oregon.gov/treasury

Commissioner Tobias Read, Chair
Oregon State Treasurer

Commissioner Timothy Duy
Public Member

Commissioner Nancy Nathanson
Representative, Oregon House of Representatives

Commissioner Kathleen Taylor
Senator, Oregon Senate

Commissioner Berri Leslie
Director, Oregon Department of Administrative Services

STATE DEBT POLICY
ADVISORY COMMISSION
867 Hawthorne Ave SE
SALEM, OREGON 97301-5241
(503) 378-4930
FAX (503) 378-2237
dmd@ost.state.or.us

STATE DEBT POLICY ADVISORY COMMISSION

January 6, 2023

Governor Tina Kotek and Members of the 2023 Oregon Legislature:

As State Treasurer and as Chair of the State Debt Policy Advisory Commission (SDPAC), I submit to you the Commission's 2023 Report. The SDPAC's role is to advise you on appropriate levels of indebtedness and prudent uses of that debt. This report intends to provide both context and recommendations.

Like any financial question, bonding is affected by economic conditions. Our current economic conditions are uncertain to be sure.

Fundamentally, our recommendations on debt levels are based on revenue forecasts from the state economists. Until recently, Oregon revenue forecasts had been increasing. This was true for a number of reasons, including federal response to the pandemic and fiscal stimulus. This is one of the reasons for the second consecutive "kicker" credit for the 2021 tax year. But now stimulus spending is winding down, and revenue forecasts are responding.

The other primary input for our debt recommendations is interest rate expectations. The Federal Reserve is responding to high inflation by raising interest rates. This means debt is more expensive, and we can't carry as much.

You should keep these factors in mind as you view the following numbers. It is also prudent to view these numbers as the midpoint on a range of possible outcomes. Put more bluntly, while things could turn out better than the results represented here, they could also be worse. Preserving debt capacity for unanticipated needs would be wise.

Our models show $1.94 billion of General Fund-Supported debt capacity and $506 million of Lottery Revenue debt capacity for the 2023-25 Biennium, using our averaging approach. Although our debt capacity analysis targets General Fund debt service at 5% of General Fund revenue, lower revenues and the substantial "kicker" credit in FY 2024 will cause General Fund-Supported debt service to exceed our 5% threshold throughout the 2023-25 biennium.

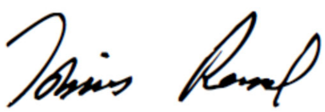
The Commission measures debt capacity solely for the General Fund and Lottery programs. As you consider the level of debt to be issued, I encourage you to be mindful that the bond rating agencies consider all debt of the state, including transportation and contingent obligations of the state, when evaluating creditworthiness.

While it is necessary to understand available capacity, understanding appropriate use of that capacity is also essential. Put simply, bonding should be used to match the cost of an undertaking to the period of its useful life. We should not use bonds for short-term operational spending. Rather we should bond for big, expensive things that help a lot of people for a long time. Those attributes apply to all sorts of projects that can benefit Oregonians, whether homes, bridges, water treatment, or many other of modern life's necessities. Bonding is a useful tool that should not be confined to single purposes.

I am proud of our team at Treasury for making bonding dollars go as far as possible. And as you authorize bonding levels and purposes, we want our team to use their talents to their fullest. To that end, please allow Treasury to take advantage of favorable market conditions by giving us timing flexibility.

Debt is a powerful and important tool. We stand ready to assist as you weigh its use amongst your other substantial responsibilities.

Sincerely,

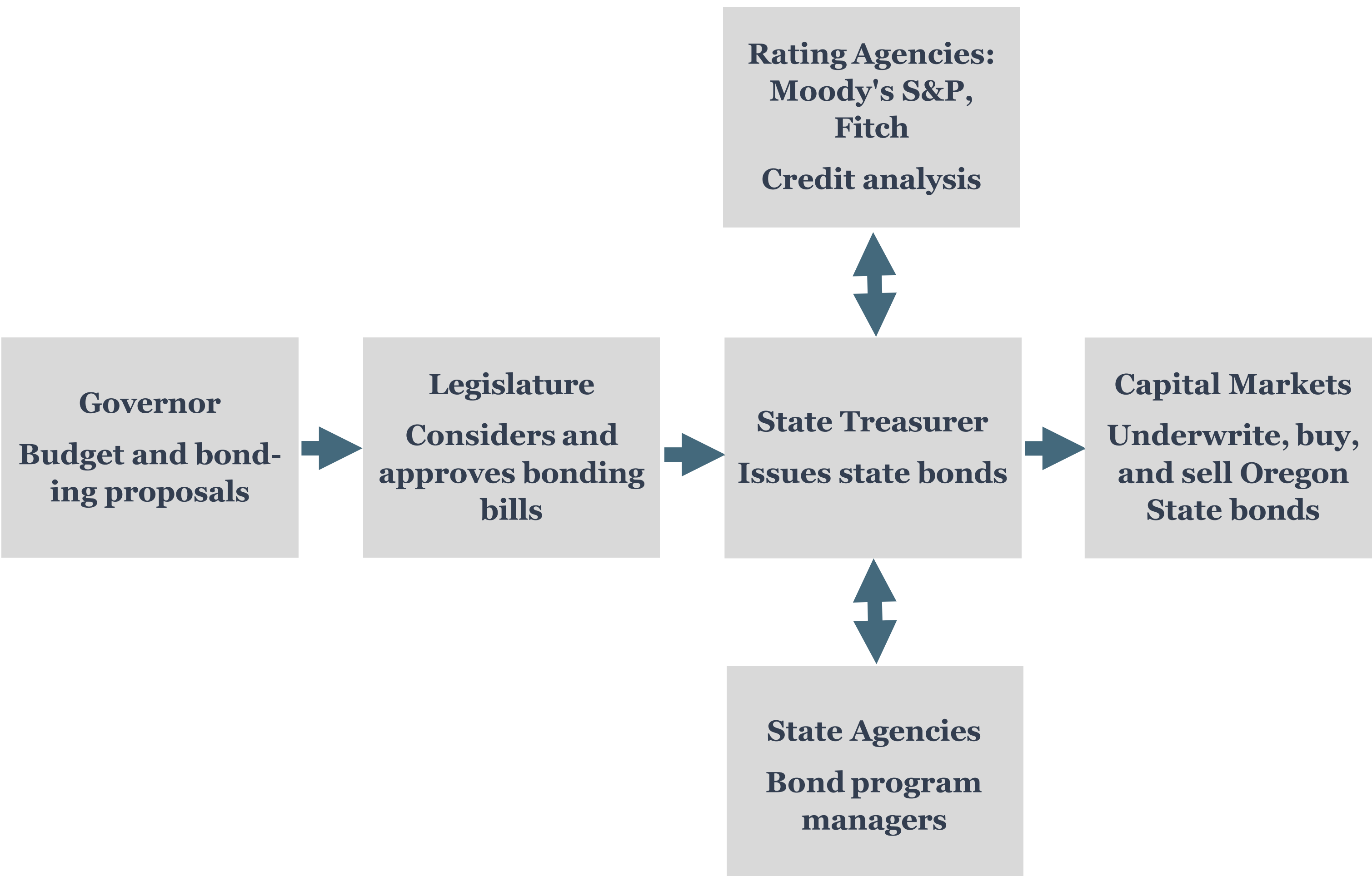


Tobias Read, State Treasurer
Chair, State Debt Policy Advisory Commission

Table of Contents

This Page Intentionally Blank

Oregon Bonding Process



This Page Intentionally Blank

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. Our debt capacity models were further updated to reflect the March 2021 Economic and Revenue Forecast. 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 which incorporated the March 2021 Economic and Revenue Forecast. On January 18, 2022, the Commission issued its 2022 Report to reflect the December 2021 Economic and Revenue Forecast.

This 2023 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, 2022; the most recent long-term revenue projections contained in OEA's December 2022 Forecast and the impact of bonding authorizations adopted in SB 5505 by the 2021 Legislature and in SB 5701 adopted by the 2022 Legislature in the Second Special Session, together (2021-23 Biennium Bond Bill).With that information, this report will provide guidance on General Fund and Lottery Revenue bond debt capacity for the 2023-25 Biennium and future biennia in the 2024-2031 forecast period.

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.

2021-23 Challenges

COVID-19 and Federal Fiscal Support. 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 remain uncertain. Since emergence of various COVID-19 vaccines developed in December 2020 and thereafter, more than 77.4% of Oregonians of all ages have received at least one vaccination and more than 69.8% have received their primary series as of November 6, 2022, according to Oregon Heath Authority (OHA). While vaccines have improved tolerance for the virus, it does not prevent the spreading of the virus. The Center for Disease Control (CDC) and OHA continue to report incidents of new variants including the evolving Omicron. Control of the virus, however, has resulted in opening of facilities, increased travel, return to school and work or hybrid platforms.

Federal fiscal stimulus programs provided significant funds to the State and its residents during the pandemic. Such programs include:

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") under which, Oregon received a total of $1.635 billion of Coronavirus Relief Funds (CRF), and after the direct allocations to eligible local government jurisdictions, the State received a direct allocation of $1.389 billion. The CARES Act also expanded unemployment benefits and funds for human services including Medicaid funding. The Consolidated Appropriations Act of 2021 (December 2020) extended benefits under the CARES Act.

The American Rescue Plan Act ("ARPA"), signed into law in March 2021, provided significant financial support to states, local governments and established the Capital Projects Fund to support capital investments using ARPA funds. Under ARPA, monies designated for states were sent directly to each state government and generally, monies were allocated to states and local governments directly. 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 during the 2021 Legislative Session and the remaining $453 million was allocated during the 2022 Legislative Session.

Financial Impacts of COVID-19 on Lottery Proceeds and Lottery Revenue Bonds. 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 than the four times coverage required for issuance of additional new money Lottery Revenue Bonds. 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 for the 2019-21 Biennium. Therefore, no new Lottery Revenue projects were funded during the 2019-21 Biennium.

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.

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.

Wildfire. 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.

Wildfire and environmental risks have the potential to affect the State's fiscal performance. Therefore, ongoing prevention, mitigation and preparedness are required to reduce the potential budgetary impacts and enhance the State's responsiveness.

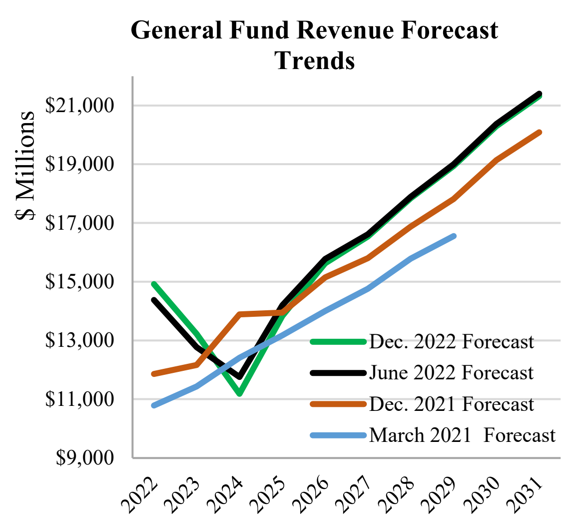
Current Factors Affecting the Market for Bonds

In the aftermath of the pandemic, record amounts of Federal fiscal stimulus monies to stem the effects of the global pandemic, disruptions in supply chains, and energy price shocks derived in part by the Russia/Ukraine war and geopolitical risks have combined to drive inflation to levels unseen since the mid-1980's. The Federal Reserve Board ("FRB") has articulated and has aggressively pursued its "tight" monetary policy of interest rate hikes to the extent necessary to reduce inflation to the pre-pandemic level. Since March 2022, the FRB has increased rates in each of its Federal Open Market Committee (FOMC) meetings, sending the Federal Funds ("Fed Funds") target rate from 0.25% to the current levels of 4.50%, and is expected to increase rates further. With persistent inflation, geopolitical risks and market volatility, investors are demanding higher rates and credit spreads to take on the additional risks of owning long term bonds. Higher interest rates are targeted at dampening consumer demand and could lead to a recession.

Key Elements of OEA December 2022 Forecast

OEA's December 2022 Forecast incorporates the assumption of a "mild recession", which reduces personal income tax and corporate excise tax, lottery and other revenue sources commencing in 2023. Although, lottery revenue is less sensitive to inflation, individuals are expected to taper their spending on gaming activities. Reduction in 2023-25 Biennium revenues is further exacerbated by the record personal income tax "kicker" rebate to Oregon taxpayers in Spring 2024.

The December 2022 Forecast shows strong growth in General Fund revenues in FY 2021-22, with declines in FY 2023 and FY 2024 and a strong rebound in FY 2025, as shown in the graph to right. FY 2021-22 General Fund revenue performance is attributable to robust corporate and personal income tax and significant capital gains tax receipts. However, the growth in personal income tax revenue during FY 2021 has triggered a record $3.7 billion personal income tax "kicker" credit that will be rebated to Oregon taxpayers in FY 2024. The combination of declining revenue in the near term and the "kicker" serves as a cautionary reminder that conservative debt issuance will permit the State to respond to future disruptions in revenue trends.



The December 2022 Forecast estimates $890 million in Lottery Revenue for FY 2023 for a total of $1.80 billion of Lottery Revenue for the 2021-23 Biennium, an increase of approximately $290 million or 19.2% from the $1.51 billion contained in OEA's December 2020 Economic and Revenue Forecast released during the midst of the pandemic. The December 2022 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.

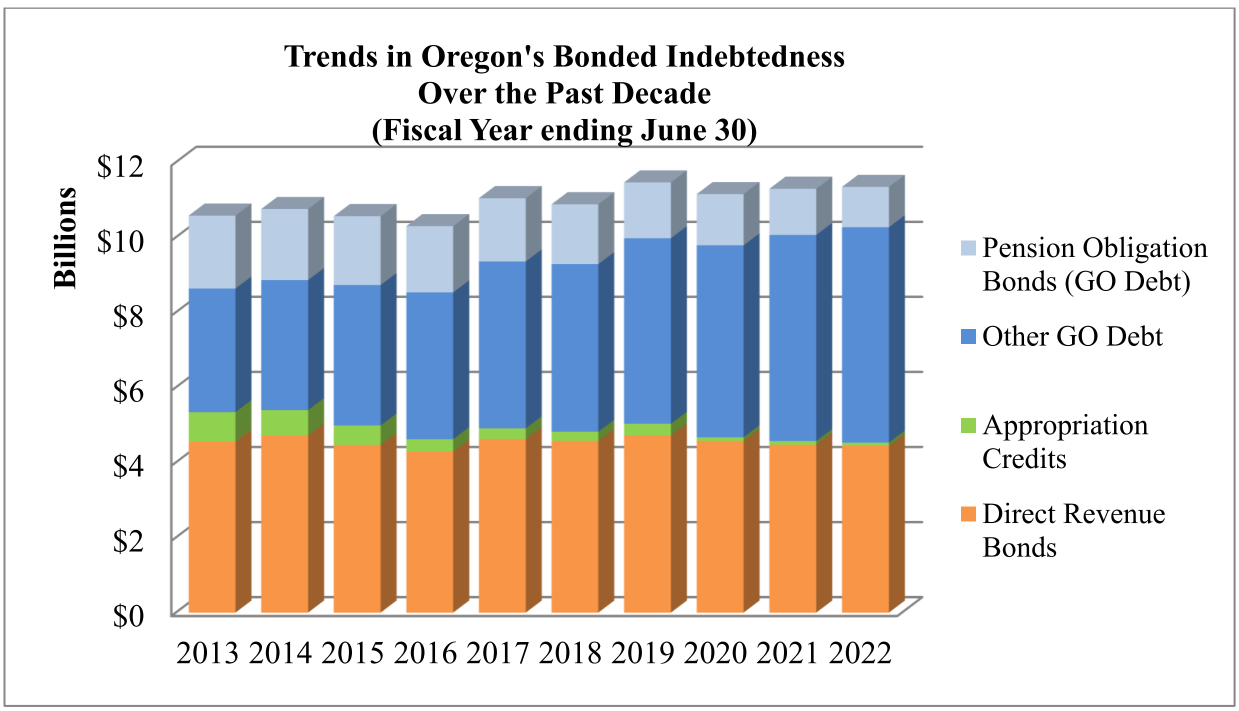
Overall State Debt Levels

Oregon's combined long-term general obligation, appropriation and revenue bond debt outstanding was $11.33 billion as of June 30, 2022. This represents an increase of $40 million compared to the approximate $11.29 billion recorded at the end of the 2021 fiscal year. Given the State's long-term commitment to managing its debt capacity in a prudent manner, new debt issuances had historically been timed for issuance at roughly the same pace and amounts that outstanding debt was scheduled to retire.

While overall State debt levels have not increased significantly over the last 10 years, the mix of debt outstanding has shifted, with the reduction in outstanding appropriation debt replaced with general obligation (GO) bonds. Article XI-Q GO now represents the largest component of GO debt with $2.63 billion outstanding as of June 30, 2022, which represents 38.6% of the $6.83 billion of the State's total general obligation indebtedness. Article XI-Q bonds are issued to finance state-owned or operated real or personal property including improvements to educational institutions, state facilities for judicial, police, military and more recently to provide needed gap funding for affordable and permanent and supportive housing through the Local Innovation and Fast Track (LIFT) Housing Program. The next largest component is the 2003 pension obligation bonds issued in part, address the Public Employee Retirement System (PERS) unfunded liability, which has outstanding principal of $1.08 billion or 15.8% of all GO indebtedness, and is scheduled to fully amortize by FY 2027.

Most recently, with the strong growth in General Fund Revenues driven by growth in personal income tax, debt capacity and issuance also increased, which will raise State debt above historical levels commencing in FY 2023.

The following chart displays the 10-year trend in overall State indebtedness.



General Fund-Supported Debt

Total outstanding State General Fund-Supported debt, inclusive of GO debt and COPs, was $4.5 billion as of June 30, 2022, and is expected to increase to $5.4 billion by June 30, 2023, assuming the retirement of approximately $325 million in existing debt in FY 2023 and the issuance of the remaining $1.18 billion of new General Fund-Supported Debt in FY 2023, as authorized in the 2021-2023 Biennium Bond Bills.

Based on the December 2022 Forecast and the planned timing of authorized bond sales, debt service as a percentage of General Fund revenue will approximate 5.3% by the end of FY 2024 (inclusive of debt service on the issuance of the remaining 2021-23 Biennium authorized issuance), which exceeds the Commission's General Fund-Supported Debt capacity target of 5.0%. The high debt ratio is attributable to the $2.03 billion decline in projected General Fund revenue from $13.2 billion in FY 2023 to $11.18 billion in FY 2024. As such, our debt capacity model shows no available capacity for new General Fund-Supported Debt in FY 2024 that would fall within our target of 5%.

Using our target debt ratio of 5.0% over the forecast period (FY 2024- FY 2031), the Commission estimates the State has approximately $7.76 billion of General Fund-Supported Debt capacity over the next four biennia (FY 2024 – FY 2031). This is in addition to the $1.18 billion in 2021-23 Biennium General Fund-Supported authorized debt that is scheduled to be issued in FY 2023.

The Commission has historically recommended that the State spread its future General Fund debt capacity over the forecast period, which would result in an average of $969.4 million each year or $1.94 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 helps to mitigate the impact of fluctuations in the State's revenues, long-term interest rates, and other factors that can alter the State's long-term debt capacity. The averaging approach also allows for more consistent long-term capital planning and budgeting. The following table illustrates the General Fund debt capacity over the next four biennia.

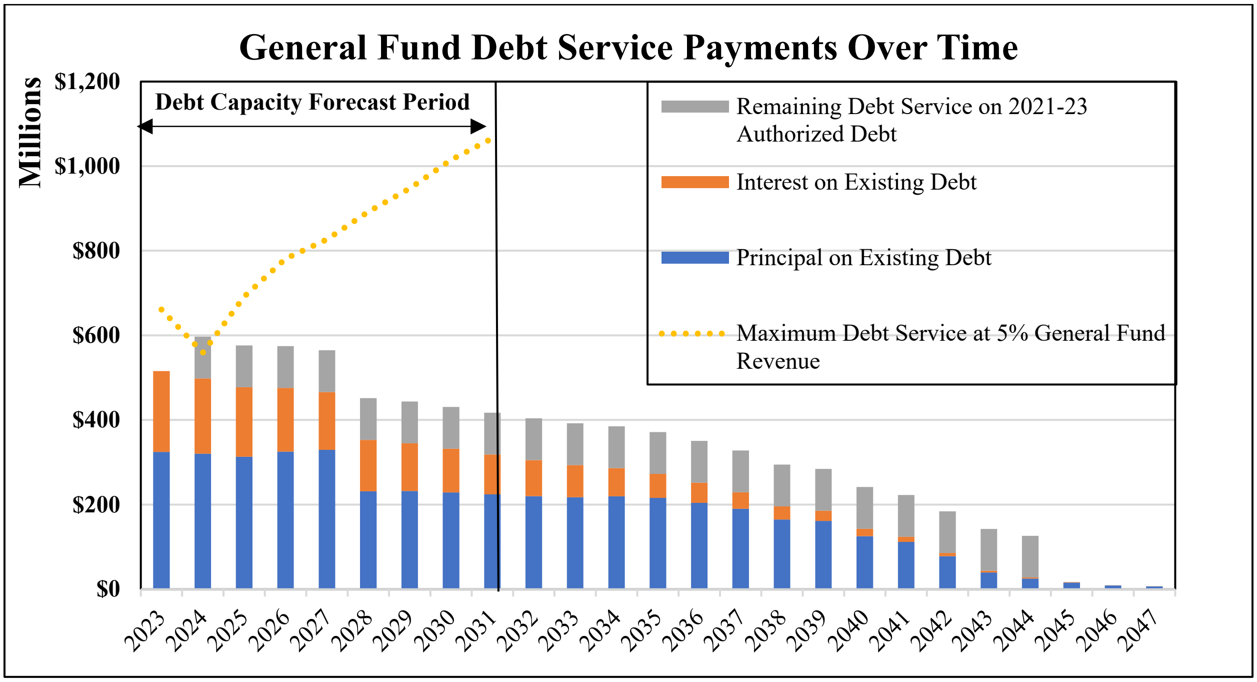
Projected General Fund-Supported Debt Capacity
Using December 2022 Forecast
($ Millions)

Fiscal Year Ending June 30	Projected General Fund Revenue	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	$13,220.5	--	--	--	--
2024	11,183.4	--	5.3%	969.4	6.1%
2025	13,834.1	$ 1,382.1	5.0%	969.4	5.3%
2026	15,623.8	1,088.8	5.0%	969.4	5.2%
2027	16,536.3	661.9	5.0%	969.4	5.4%
2028	17,840.9	2,129.9	5.0%	969.4	4.8%
2029	18,938.0	751.6	5.0%	969.4	4.9%
2030	20,294.1	962.0	5.0%	969.4	4.9%
2031	21,323.0	778.7	5.0%	969.4	5.0%
Total		**$7,755.2**		**$7,755.2**	

* Assumes the issuance of $1.727 billion in General Fund-Supported bonds authorized by the 2021-23 Biennium Bond Bills

The upcoming 2023-25 Biennium will have the largest "kicker" on record for the State combined with anticipated declines in General Fund revenue due to a slowing of the economy. This is counterbalanced with projected strong long term revenue growth commencing in FY 2025. The confluence of these dynamics would result in the averaging approach giving rise to $1.94 billion in issuance capacity for the 2023-25 Biennium, which is approximately $560 million above the $1.38 billion base capacity level calculated using our 5% target for the 2023-25 Biennium. This also results in debt ratios exceeding the 5% target over the 2023-25 and 2025-27 biennia, after which the debt ratio reverts to our 5% target.

The following graph illustrates the State's outstanding General Fund-Supported debt profile, which has higher debt service in the earlier years and declining debt service over time. This debt service profile provides the State with the capacity to issue additional debt in the future while remaining under our target General Fund debt ratio level. The dotted line on the chart illustrates the growth in debt service if the State were to issue the maximum General Fund debt capacity over the forecast period. The graph also shows a considerable decline in debt service after FY 2027, when the final principal payment on the State's outstanding 2003 pension obligation bonds (POBs) will be made.



Lottery Revenue Bond Debt

Since reopening of facilities commencing in February 2021, Lottery Revenue rebounded significantly. Based on the March 2021 Forecast, the 2021 Legislature adopted the Commission's debt capacity recommendation of $515 million, of which $492 million of Lottery Revenue Bonds was authorized in the 2021 Legislative Session and the remaining $23 million in the 2022 Legislative Session for a total of $515 million authorized for the 2021-23 Biennium. In Spring 2022, the State issued $217.7 million of Lottery Revenue Bonds and the remaining 2021-23 Biennium bonding authorization of $297.8 million is expected to be issued in Spring 2023.

Total Lottery Revenue Bonds outstanding was $1.17 billion as of June 30, 2022. After issuance of the remaining authorized and unissued amount of $297.8 million in Spring 2023 and amortization of $95.7 million in FY 2023, Lottery Revenue Bonds outstanding as of the end of FY 2023 is expected to be $1.37 billion.

The December 2022 Forecast projects that Lottery Revenue will trend higher over the forecast period, however, near term declines in Lottery Revenue are expected in FY 2023 and FY 2024, from their respective prior fiscal year, and is expected to rebound commencing in FY 2025. The declines are attributable to anticipated reduction in demand for gaming due to the "mild" recession incorporated into the forecast.

Using the December 2022 Forecast, the Commission projects that Lottery Revenue is sufficient to provide approximately $2.03 billion in Lottery Revenue bond capacity over the next four biennia, or $506.4 million for each biennium over the forecast period, as illustrated in the following table.

Projected Lottery Revenue Bond Program Debt Capacity
Using December 2022 Forecast[1,2]
($ Millions)

Fiscal Year Ending June 30	Projected Lottery Revenue[3]	Maximum Annual Debt Capacity Under Debt Service Coverage Requirement[4]	Debt Ratio Coverage (Times)[4]	Debt Service as a % of Lottery Revenue	SDPAC's Recommended Maximum Annual Debt Issuance (Averaging Approach)	Debt Ratio Coverage (Times)	Debt Service as a % of Lottery Revenue
2023	$890.5	--	6.1	16%	--	6.1	16%
2024	875.7	$ 554.3	4.0	25%	$ 253.2	4.5	22%
2025	903.4	82.7	4.0	25%	253.2	4.2	24%
2026	946.1	127.8	4.0	25%	253.2	4.0	25%
2027	975.4	169.4	4.0	25%	253.2	3.9	26%
2028	1,018.7	348.6	4.0	25%	253.2	4.0	25%
2029	1,051.1	253.9	4.0	25%	253.2	4.0	25%
2030	1,085.2	269.5	4.0	25%	253.2	4.0	25%
2031	1,120.4	219.6	4.0	25%	253.2	4.0	25%
Total		**$2,025.6**			**$2,025.6**		

[1]Assumes issuance of $515.5 million of the 2021-2023 Biennial Bonding Authorization
[2]Numbers may not sum due to rounding.
[3]Includes OEA December 2022 Forecast Lottery Revenue plus guaranteed earnings on LRB Reserves through FY 2027
[4]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 4.0.

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 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 outstanding Lottery Revenue Bond debt service requirement is satisfied. Further, no superior liens can be placed ahead of Lottery Revenue Bond debt service until outstanding 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 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 stabilize funding of critical educational programs, as demonstrated during the pandemic.

Corporate Activity Tax (CAT)

During the 2019 Regular Session, the Oregon Legislative Assembly passed HB 3427-A (known as the Student Success Act), which became effective in January 2020. The Act (ORS 317A) levies a Corporate Activity Tax based on commercial activity conducted by businesses. Monies raised under this Act will be used to fund various educational enhancement initiatives statewide. The December 2022 Forecast projects CAT Net Funds Available for Transfer to grow from $2.44 billion in the current, 2021-2023 Biennium to $3.54 billion in the 2029-31 Biennium.

In addition to funding educational enhancement initiatives, the CAT has the benefit of diversifying the State's revenues and reducing our reliance on personal income tax to provide critical services to Oregonians. It further provides funding that is not subject to the personal income tax "kicker". The diversification benefit and potential to reduce volatility in State budget is viewed positively by the credit rating agencies and enhances fiscal and social sustainability efforts.

Net Tax-Supported Debt

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 long-term debt burden.

Moody's utilizes Net Tax Supported Debt as a measure of the State's overall debt liability. Moody's, in its September 7, 2022, report – *Debt, pension and OPEB liabilities all up in fiscal 2021* –stated that Net Tax Supported Debt is second largest long-term liability for states, with unfunded pension and Other Postemployment Benefits (OPEB) liability ranking the highest.

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

At the end of the 2019-21 Biennium, Oregon's outstanding NTSD was $8.83 billion. By the end of the current 2021-23 Biennium, the State's NTSD is projected to increase to $10.60 billion. Oregon's NTSD, when measured on a per capita basis is $2,069 for FY 2021 and $2,451 for FY 2023. When measured as a percent of Oregon personal income, the State's NTSD was 3.46% for FY 2021 and is projected to be 3.77% for FY 2023.

In its September 7, 2022, report: *Moody's – Debt, pension and OPEB liabilities all up in fiscal 2021*, Moody's Investor Services reported Oregon FY 2021 per capita NTSD of $2,579 relative to the median NTSD for all states of $1,179, and the State's NTSD as a percent of personal income in FY 2021 at 4.3% relative to the 2.1% median for all states. The numbers reported by Moody's vary significantly from what is reported in the Commission Report due in part to the difference in methodology used and sources of data. Despite the difference in the methodology used by the State and that used by Moody's, the data shows increasing State debt levels on a per capita basis and as a percent of overall statewide personal income.

The following table presents the State's 2019-21 Biennium and projected 2021-23 Biennium ending NTSD.

State Net Tax-Supported Debt
(Per Capita and as a Percentage of Statewide Personal Income)

Fiscal Year Ending June 30th				
	2019-21 Biennium		**2021-23 Biennium**	
	FY 2020 (Actual)	**FY 2021 (Actual)**	**FY 2022 (Actual)**	**FY 2023 (Projected)**
Net Tax-Supported Debt ($bn)	$8.39	$8.83	$8.99	$10.60
Population*	4,268,055	4,266,560	4,294,500	4,321,900
Personal Income * ($bn)	$238.30	$254.90	$267.70	$281.10
NTSD Per Capita	$1,966	$2,069	$2,094	$2,451
NTSD as a % of Personal Income	3.52%	3.46%	3.36%	3.77%
Pension Obligation Bonds Excluded				
NTSD Per Capita	$1,645	$1,781	$1,843	$2,241
NTSD as a % of Personal Income	2.95%	2.98%	2.96%	3.45%
*Source: Oregon Office of Economic Analysis, December 2022 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 decreases to $2,241 per capita and 3.45% of personal income.

Implications of Recent PERS Funding Policy Changes

In October 2021, the PERS Board approved revisions to its assumed rate of return assumptions and rate-setting methodologies. Specifically, PERS reduced the assumed investment rate of return ("Assumed Rate") by 0.30 percent from 7.20% to 6.90% and modified the rate collaring methodology to focus only on the unfunded actuarial liability and the pension plan funded status.

The Assumed Rate is used to compute the present value of future benefits to PERS beneficiaries and is commonly referred to as the discount rate. The reduction in the Assumed Rate (discount rate) has the effect of increasing the State's unfunded actuarial liability.

During its December 2022 rate setting meeting, the PERS Board applied the changes in the assumed investment rate of return to the December 2021 valuation assets to derive employer contribution rates for the 2023-2025 Biennium, which will become effective as of July 1, 2023. Although the reduction in the assumed rate of return had the effect of increasing the accrued unfunded liability, record investment earnings in 2021 increased plan assets and served as an offset.

Pension funding and overall funding status is subject to a variety of risk factors including investment performance, employer contributions and changes in actuarial experience. Effective management of the State's pension liability and reduction in the unfunded liability enhances the State's long-term budgetary flexibility. The rating agencies, in their review of the State's credit considers pension liability management in their ratings assessments.

Oregon School Bond Guaranty Program Considerations

Since its inception in 1999, the Oregon School Bond Guaranty (OSBG) program has grown significantly in size. This program allows the State to guarantee the debt of local school districts and community colleges. The guaranty provided by the State allows these entities to issue debt with the State's credit ratings and achieve lower interest cost on their debt and savings relative to borrowing using their respective credit ratings.

As of June 30, 2022, the program guaranteed nearly $9.4 billion with over $14.2 billion resultant debt service of general obligation bonds issued by Oregon school districts and community colleges. For FY 2023, this guaranty applies to local school district and community college annual debt service payment of $886.1 million, which is equivalent to approximately 6.84% of total FY 2023 State General Fund revenues and 18.4% of projected FY 2023 State school aid for schools and community colleges.

The OSBG program guaranty is a contingent liability of the State. Should a District fail to make bond debt service payment when due, the guaranty provides that the Treasurer will direct payment of debt service for the defaulting entity. While many Oregon local governments have high credit ratings and there has been no historical default in this program, there are risks to the State and the local entity in the event of a default. Statute authorizes the Treasurer to pay the debt service for the defaulting jurisdiction and provide a wide array of means for the State to recover funds, including intercepting State Aid that would otherwise be available to the school district or community college. As of FY 2022, there are four school districts that have debt service guaranteed by the State that significantly exceeds their State Aid.

Although Statute provides remedies to cure a default by a school district or community college, the Commission encourages the Legislature to review this program and the timeliness of existing policies to remediate any potential default.

Pension Obligation Bonds Issued by Public Bodies

SB 1049, enacted in 2019 and codified as ORS 238.697 requires the Treasurer to provide the Commission with an annual report on bonds issued under ORS 238.694. The Treasurer's report will describe pension obligation bond (POB) issuances of public bodies occurring on or after June 11, 2019. Such report will include the public body issuer, actual interest rate over the term of the bonds, the projected rate of return on bond proceeds as determined by the assessment report required for such issuance and the actual rate of return on bond proceeds for the previous fiscal year and the cumulative rate of return.

Since implementation of amendments to OAR 170-061-0000 which became effective on July 12, 2021, 35 public bodies have sold $1.88 billion of POBs in FY 2022. When added to existing POBs issued prior to SB 1049, POBs outstanding for local public bodies total $3.51 billion. To enhance the creditworthiness of POBs and interest cost to the borrower, public bodies utilize the Fund Diversion agreement which directs the State to divert State Aid for the school district or public body to the Trustee to repay POB debt service.

Although the Fund Diversion is not a "guaranty" of the State, it draws from the same resources (State Aid) to pay debt service defaulted OSBG Bonds, if any, and the POBs issued pursuant to the Fund Diversion Agreement.

Pension Bonds have inherent risks including 1) investment earnings, 2) contribution, 3) increases in liability due to actuarial experience. In the event that earnings on proceeds of a pension bond falls below the cost of issuance of the POBs, an issuer of POB is worst off financially, than if they had not borrowed at all. Notwithstanding these risks, pension bonds are long term strategies to fund unfunded liability and their ultimate success can only be determined over the life of the bond issue.

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, excluding public university facilities, is approximately 23 million gross square feet (MGSF) located in over 5,100 buildings and grounds. with a replacement valued at approximately $8.3 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 $1.8 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 distribution to 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.

In recognition of the need to accelerate the construction of affordable housing around the State, the 2019 Legislature doubled its previous annual PAB Volume Cap 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 (PABC). Growing demand for and statewide initiatives to expand the availability of affordable housing exceeds the availability PAB volume cap for the foreseeable future. Consequently, obtaining future PAB allocations for local economic development and affordable housing projects through the PABC has increasingly become a competitive process, requiring careful thought and deliberation as to the highest, most efficient, and best use of this limited financial resource.

For the calendar year 2023, the PABC will have $218.5 million of CY 2023 PAB Volume Cap for allocation, which represents an increase of $42.5 million over its CY 2022 PAB Volume Cap allocation authority of $176 million. This increase is due principally to the increase in per capita volume cap from $110 in 2022 to $120 for 2023 that is awarded to each state based on population.

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 and allow for a better balance of supply and demand for our bonds across the entire biennium. Further, as a frequent issuer, the State and its agencies should seek to issue annually to benefit from interest cost averaging of its debt portfolio, which is conservative and minimizes the impact of any economic cycle on the State's balance sheet and income statement.

Conclusion

The 2021-23 Biennium demonstrates the resiliency of the State to challenges including the impact of the global pandemic, wildfires and disruptions in key revenue streams such as lottery revenue. Sound management, fiscal discipline and entrenched processes including periodic revenue forecast enabled the State to be proactive in managing through the myriad of social, environmental, and financial risks throughout the biennium.

With Federal stimulus, ability of the State and its citizens to adapt, the State emerged exceptionally strong general fund tax receipts that will give rise to the largest personal income tax kicker credit to be rebated to Oregon taxpayers in FY 2024.

Contemporaneously, the State and nation are experiencing the lingering effects of supply shocks, geopolitical tensions and record high inflation at all levels including general consumer goods, construction, and transportation.

While the Commission projects increased debt capacity in the next several biennia, we note 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 State transportation and other 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.

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.

This Page Intentionally Blank

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 Treasurer of the State of Oregon, 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) and in accordance with the Municipal Securities Rule Making Board (MSRB) and other applicable Federal and Securities Industry regulatory bodies. 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
- 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

---

[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.

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. Affordable Housing, 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 elected to refund prior COPs with XI-Q bonds for savings. With the exception of the Certificate of Participation issued in 2019, which has outstanding principal of $90.2 million, all previously issued COPs have been redeemed and replaced with Article XI-Q bonds.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK

EXHIBIT I.1
State of Oregon
Outstanding Long-Term Financial Obligations
Constitutional Debt Limit and Statutory Provisions
As of June 30, 2022

Program	Legal Provision	Constitutional Debt Limit %	Constitutional Debt Limit $	Debt (Principal) Outstanding	Constitutional Authorization Remaining
General Obligation Bonds					
General Purpose (4)	ARTICLE XI SEC 7		$50,000		$50,000
Transportation: State Highway	ARTICLE XI SEC 7	1.0000%	$8,236,937,693	$26,665,000	$8,210,272,693
Veterans' Welfare (5)	ARTICLE XI-A	8.0000%	$65,895,501,544	$324,565,000	$65,570,936,544
State Power Development	ARTICLE XI-D	1.5000%	$12,355,406,540		$12,355,406,540
Forest Rehabilitation	ARTICLE XI-E	0.1875%	$1,544,425,817		$1,544,425,817
Higher Education XI-F (5)	ARTICLE XI-F (1)	0.7500%	$6,177,703,270	$999,065,000	$5,178,638,270
Community College	ARTICLE XI-G			$219,580,000	
Higher Education XI-G (5)	ARTICLE XI-G	0.7500%	$6,177,703,270	$705,240,000	$5,252,883,270
Pollution Control (6)	ARTICLE XI-H	1.0000%	$8,236,937,693	$21,395,000	$8,215,542,693
Housing: Elderly & Disabled	ARTICLE XI-I (2) and ORS 456.519	0.5000%	$4,118,468,847	$25,520,000	$4,092,948,847
Alternate Energy Projects (6)	ARTICLE XI-J	0.5000%	$4,118,468,847	$94,910,000	$4,023,558,847
Oregon School Bond Guarantee	ARTICLE XI-K	0.5000%	$4,118,468,847		$4,118,468,847
Oregon Opportunity Bonds (OHSU)(7)	ARTICLE XI-L	0.5000%	$4,118,468,847	$21,195,000	$4,097,273,847
Seismic Rehab – Public Education Bldgs	ARTICLE XI-M	0.2000%	$1,647,387,539	$334,675,000	$1,312,712,539
Seismic Rehab – Emergency Service Bldgs	ARTICLE XI-N	0.2000%	$1,647,387,539	$81,005,000	$1,566,382,539
Pension Obligations (6)	ARTICLE XI-O	1.0000%	$8,236,937,693	$1,076,650,000	$7,160,287,693
School District Capital Costs	ARTICLE XI-P	0.5000%	$4,118,468,847	$252,875,000	$3,865,593,847
State Real or Personal Property	ARTICLE XI-Q	1.0000%	$8,236,937,693	$2,630,595,000	$5,606,342,693
				$6,813,935,000	
Direct Revenue Bonds					
Economic Development Bond Bank	ORS 285B			$54,520,000	
Lottery Bond Program(s)	ORS 286A.560-585			$1,168,795,000	
Transportation Infrastructure Bank	ORS 367.030				
Transportation: Highway User Tax	ORS 367.620			$2,337,715,000	
Housing: Single & Multi-Family Programs	ORS 456.645 and ORS 456.661			$866,380,000	
				$4,427,410,000	
Appropriation Credits					
Certificates of Participation	ORS 283 & 286A			$90,220,000	
Oregon Appropriation Bonds	SB 856–2003 Legislature				
				$90,220,000	

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, 2021, Real Market Value (RMV) of $823,693,769,305. 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 XI-H) debt is reported as 43% General Fund-Supported and 57% self-supporting. ORS 468.195 limits the amount of DEQ debt outstanding at anyone time to $260 million. Alternate Energy 40% General Fund-Supported, are paid from non-General Fund Sources. COP (ORS 283 & 286A) obligations are reported at 100% General Fund-Supported. State Real Personal Property (Article XI-Q) debt is reported as 90% General Fund-Supported and 10% 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, this Commission Report reflects the percentage of debt that is designated as General Fund-Supported in relation to the GO bonds issued by the State to fund pollution control needs, 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) (43% 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) (90% 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 Dedicated Fund Supported GO Bonds, Appropriation bonds (if any) and applicable Direct Revenue Bonds, as detailed below:

- Dedicated Fund Supported GO Bonds:
  - State Pension Obligation Bonds
  - State General Purpose Bonds,
- Additional Appropriation or Certificates of Participation, if any
- Lottery Revenue Bonds (ORS 286A.560-585)
- Highway User Tax Revenue Bonds (ORS 367.620)

The State's definition of Net Tax Supported Debt differs from the methodology used by Moody's. Moody's definition and resulting computation includes the unamortized premium or discount of bonds issued, all Article XI-F Bonds and adds other long term leases and contracts of the State. Moody's definition excludes all debt that is represented in the Annual Comprehensive Financial Reports (ACFR) which derives revenues other business activities such as the housing mortgage and veterans revenue bond programs.

Exhibit I.2 below provides a comparison of principal amount General Fund-Supported bonded debt, Net Tax-Supported bonded debt, and total outstanding gross debt as of June 30, 2022, as computed by the State.

SDPAC EXHIBIT I.2
State of Oregon
Comparison of Long-Term Debt Outstanding
As of June 30, 2022

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	26,665,000	26,665,000	26,665,000
Community College Bonds	ARTICLE XI-G	219,580,000	219,580,000	219,580,000
Higher Education Institutions & Activities	ARTICLE XI-G	705,240,000	705,240,000	705,240,000
Pollution Control Bonds	ARTICLE XI-H	9,199,850	9,199,850	9,199,850
Alternate Energy Bonds	ARTICLE XI-J	37,964,000	37,964,000	37,964,000
DAS Oregon Opportunity Bonds	ARTICLE XI-L	21,195,000	21,195,000	21,195,000
Seismic Rehab - Public Education Bldgs	ARTICLE XI-M	334,675,000	334,675,000	334,675,000
Seismic Rehab - Emergency Service Bldgs	ARTICLE XI-N	81,005,000	81,005,000	81,005,000
State Real or Personal Property	ARTICLE XI-Q	2,367,535,500	2,367,535,500	2,367,535,500
DAS Pension Obligation Bonds (1)	ARTICLE XI-O	387,594,000	387,594,000	387,594,000
School District Capital Costs	ARTICLE XI-P	252,875,000	252,875,000	252,875,000
Total General Fund Supported		$4,443,528,350	$4,443,528,350	$4,443,528,350
Dedicated Fund Supported				
Veterans' Welfare Bonds	ARTICLE XI-A	-	-	324,565,000
Higher Education Building Projects	ARTICLE XI-F (1)	-	-	999,065,000
Pollution Control Bonds	ARTICLE XI-H	-	-	12,195,150
Elderly & Disabled Housing Bonds	ARTICLE XI-I (2) and ORS 456.519	-	-	25,520,000
Alternate Energy Project Bonds	ARTICLE XI-J	-	-	56,946,000
State Real or Personal Property	ARTICLE XI-Q	-	263,059,500	263,059,500
DAS Pension Obligation Bonds (1)	ARTICLE XI-O	-	689,056,000	689,056,000
Total Dedicated Fund Supported			$952,115,5000	$2,370,406,650
Total General Obligation		**$4,443,528,350**	**5,395,643,850**	**6,813,935,000**
Revenue Bonds				
Direct Revenue Bonds				
Lottery Revenue Bond Program(s)	ORS 286A.560 – 585	-	1,168,795,000	1,168,795,000
Highway User Tax Revenue Bonds	ORS 367.620	-	2,337,725,000	2,337,725,000
Single-Family & Multi-Family Housing	ORS 456.645 and ORS 456.661	-	-	866,380,000
Economic Development - Bond Bank	ORS 285B	-		54,520,000
Total Direct Revenue Bonds		-	**$3,506,510,000**	**$4,427,410,000**
Conduit or Pass Through Revenue Bonds		-	-	
Economic & Industrial Development	ORS 285	-	-	518,935,255
Beginning & Expanding Farmer Loans	ORS 285A 420-435	-	-	
Oregon Facilities Authority	ORS 289	-	-	1,844,624,005
Multi-Family Housing Programs	ORS 456.645 and ORS 456.692	-	-	949,504,691
Total Conduit or Pass Through Revenue Bonds		-	-	**$3,313,063,951**
Total Revenue Bonds		-	**$3,506,510,000**	**$7,740,473,951**
Appropriation Credits				
Certificates of Participation (COPs)	ORS 283 & 286A	90,220,000	90,220,000	90,220,000
Oregon Appropriation Bonds	SB 856 – 2003 Legislature			
Total Appropriation Credits		**90,220,000**	**90,220,000**	**90,220,000**
Gross Debt				**$14,644,628,951**
Total Debt - Less Conduit Revenue Bonds		**$4,533,748,350**	**$8,992,373,850**	**$11,331,565,000**

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 the 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) 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 that is unallocated and unused for a given year are returned to the PABC as "carryforward" for allocation at the subsequent January meeting. 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 was allocated to the Oregon Housing and Community Services Department (OHCSD), who applied the allocations either to the First Time Homebuyer Mortgage Revenue Bond Program or the Multifamily Affordable Housing Program. In CY 2022, the PABC allocated $364.17 million of 2021 Carryforward as follows: (i) $8.8 million to Central Oregon Regional Housing Authority, (ii) $42.5 million to Home Forward, (iii) $18 million to Washington County Housing Authority and (iv) $294.87 million to OHCSD. All of the 2021 Carryforward allocated has been fully utilized for affordable housing programs statewide.

Oregon's CY 2022 PAB Volume Cap allocation authority was $467 million, of which the 2022 Legislature allocated $291 million to state agencies ($250 million to the OHCSD for affordable housing; $40 million to the Oregon Business Development Department (OBDD) for Industrial Development Bonds; and $1 million to OBDD for the Beginning and Emerging Farmers Loan Program), with the adjusted balance of $176 million allocated to the PABC.

As of December 15, 2022, the Committee's CY 2022 allocations totaled $173.2 million which was awarded to three (3) affordable housing projects from local Housing Authorities totaling $65.9 million, and $107.2 million was allocated to OHCSD for a basket of multi-family affordable housing projects. The PABC ended CY 2022 with unutilized PAB of $2.8 million, which was returned to the Committee as 2022 Carryforward. OHCSD used $135.9 million of its $250 million CY 2022 Allocation and its remaining $114.1 million was returned to the PABC as 2022 Carryforward. OBDD did not use any of its $41 million of 2022 allocation for IDBs and Farmer Loan Program. As a result, OBDD's full allocation was returned to the PABC as 2022 Carryforward. In the aggregate, the PABC has $157.9 million in 2022 Carryforward available to allocate at its meeting in January 2023.

In 2018 Metro area voters approved almost $700 million in local general obligation bonds to provide "gap" funding for affordable housing. Additionally, since 2017, the Oregon State Legislative Assembly has approved, through various Bond Bills, significant bonding authority under the Local Innovation and Fast Track (LIFT) program to provide "gap" funding for affordable and permanent supportive housing. As a result, there has been significant competition for PAB Committee allocations due to use of tax-exempt bonds to provide the 50% match for the Federal 4% Low Income Housing Tax Credit (LIHTC) which provides the majority of equity in each transaction.

The State's CY 2023 PAB Volume Cap allocation authority based on US Census data as of July 1, 2021, and published on December 2021, and IRS per capita limit is approximately $509.5 million. The 2021 Legislature allocated $442.8 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 PABC ($151.8 million). Based on the 2023 IRS PAB per capita, the PABC's CY 2023 allocation will increase by $66.6 million which provides the PAB Committee with $218.5 million of CY 2023 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.

II. CURRENT DEBT PICTURE IN OREGON

A. Overall Outstanding State 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, through the issuance of General Obligation Bonds, 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. Additionally, State debt is an important source of funding for improvements and maintenance of the state highways and bridges, as well as construction and renovation of state facilities, economic development efforts, and higher education projects.

General Obligation Bond Program Debt Developments. 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.

In addition to refunding $632 million in COPs with the new XI-Q GO bonds for savings, Article XI-Q GO Bonds have been used to finance most new state property projects since FY 2011. Additionally, since enactment of the LIFT program by the 2015 Legislative Assembly, Article XI-Q bonds have been used to fund over $518 million of LIFT Bonds to support the funding for affordable and permanent supportive projects statewide.

General Obligation Pension and Appropriation Deficit Bonds. In 2003, the Legislature authorized several major new bonding programs, including $2.1 billion in pension obligation bonds to fund the PERS' liability and $432 million in appropriation deficit bonds. As of 2013, all of the deficit bonds have been fully retired. General Obligation Pension Obligation Bonds outstanding as of June 30, 2022 was $1.076 billion. The State's 2003 GO Pension Obligation Bonds are scheduled to fully retire in FY 2027.

Oregon Department of Transportation Major Transportation Improvement Programs. In 2003, the Legislature authorized $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 passed House Bill 2017, known as "Keep Oregon Moving," (KOM) 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. KOM authorized the issuance of $480 million in Highway User Tax Revenue Bonds to finance transportation projects across the State and allocated $30 million annually to fund ODOT's Regional Mobility Program, which seeks to make improvement to the Interstate 5 Rose Quarter Project and address congestion mitigation and safety in that urban corridor.

Recently, the 2021 Legislature enacted HB 3055 Bill which 1) increased ODOT's 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.

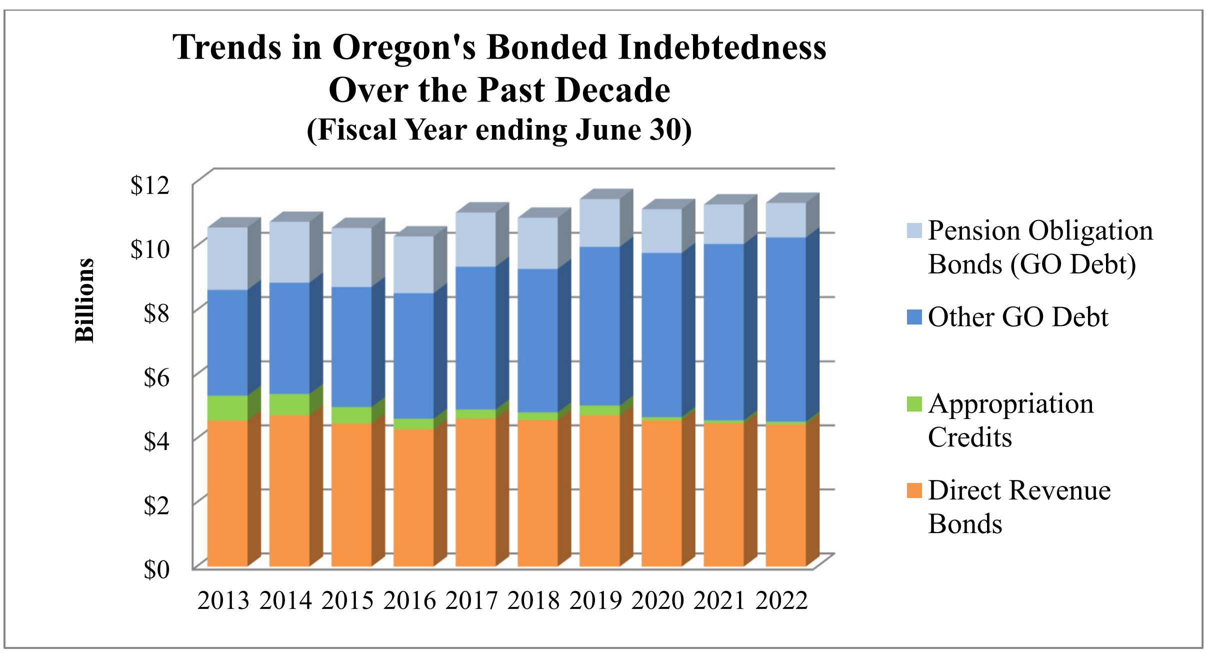
Outstanding State Debt Trends. Oregon's combined long-term general obligation, appropriation and revenue bond debt outstanding was $11.33 billion as of June 30, 2022. This represents an increase of $40 million compared to the approximate $11.29 billion recorded at the end of the 2021 fiscal year. While overall State debt levels have not increased significantly over the last 10 years, the mix of debt outstanding has shifted, with the reduction in outstanding appropriation debt replaced with GO bonds.

In particular, Article XI-Q GO debt outstanding as of June 30, 2022, is $2.63 billion and represents 38.6% of the $6.81 billion of the State's total general obligation indebtedness. Article XI-Q bonds are issued to finance state-owned or operated real or personal property including improvements to educational institutions, state facilities for judicial, police, military and more recently to provide needed gap funding for affordable and permanent and supportive housing through the LIFT Housing Program.

The next largest component is the 2003 pension obligation bonds issued in part, address the PERS unfunded liability, which has outstanding principal of $1.08 billion or 15.8% of all GO indebtedness, and is scheduled to fully amortize by FY 2027.

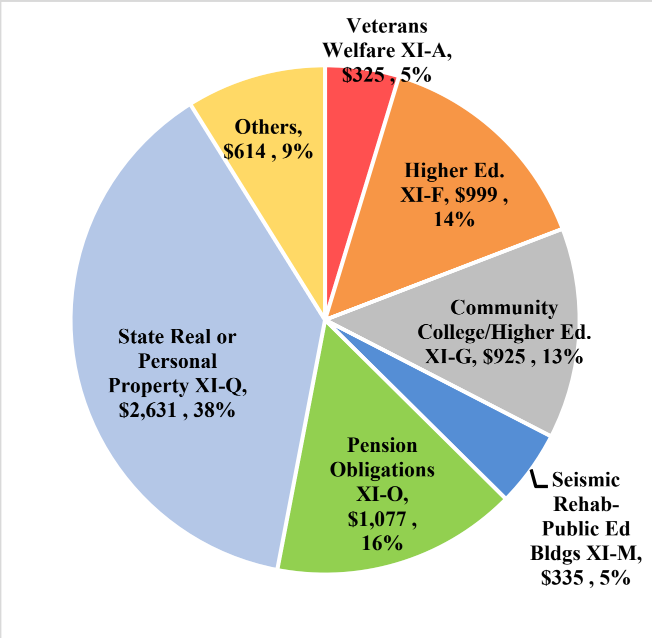
*Exhibit II.*1 shows a 10-year history of the State's total outstanding debt by major category from fiscal years ending 2013 to 2022. This exhibit shows that overall state debt has remained relatively constant over the past decade, as new general obligation and revenue state bonds were issued at roughly 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

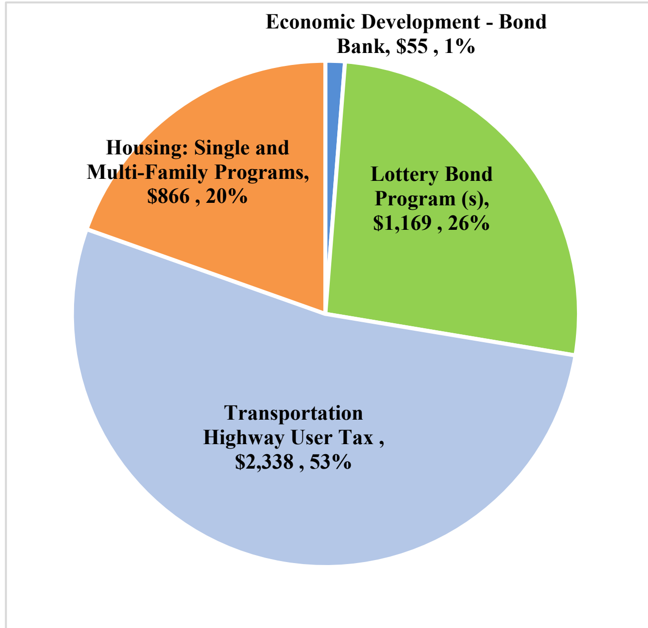


Current Composition of General Obligation and Direct Revenue Bonds. The following charts highlight the composition of general obligation and appropriation debt and direct revenue bonds for FY 2022.

Outstanding General Obligation Debt By Constitutional Authority as of June 30, 2022 ($ Million)



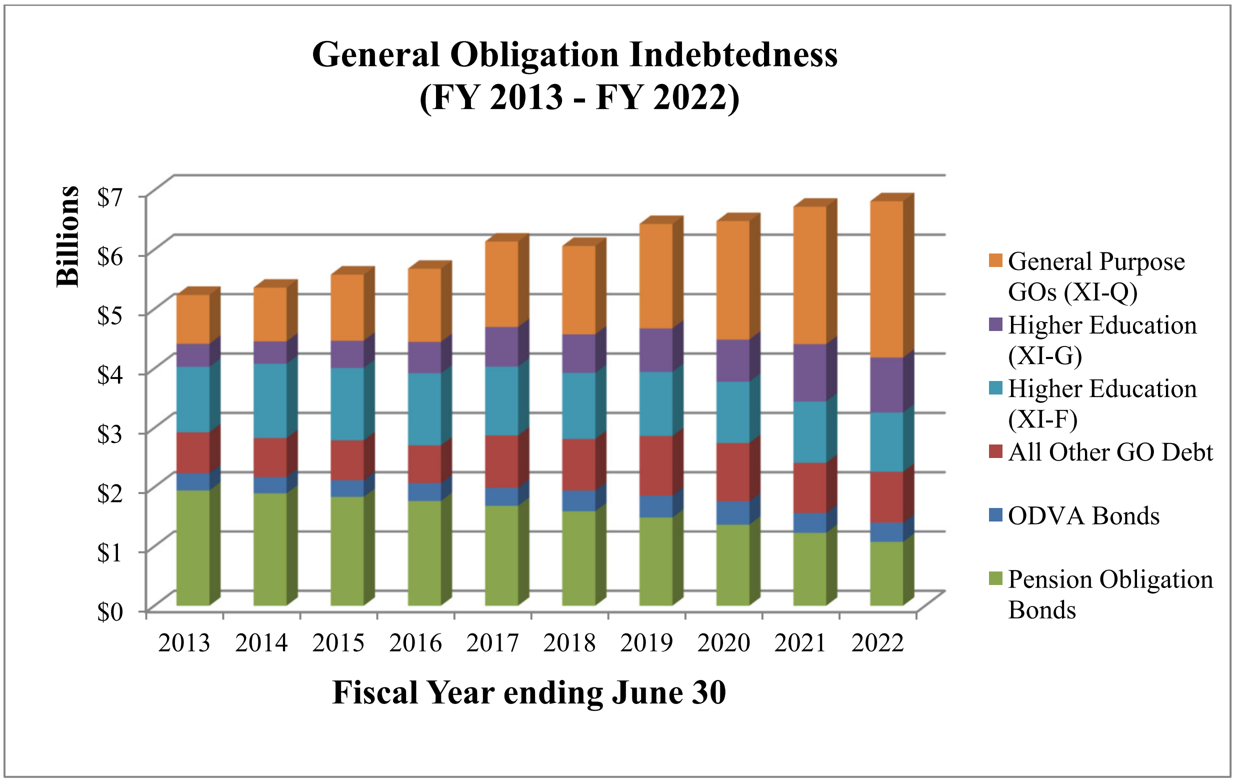
Outstanding Direct Revenue Debt By Program as of June 30, 2022 ($ Million)



Composition of General Obligation Bonds. *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 $6.8 billion at the end of FY 2022, representing an increase of approximately $1.6 billion over the levels reported 10 years ago. Due to the use of Article XI-Q bonds as the primary funding source for state owned and operated projects, as of June 30, 2022, there was $2.63 billion in XI-Q GO bonds outstanding, and $90.22 million in COPs remaining.

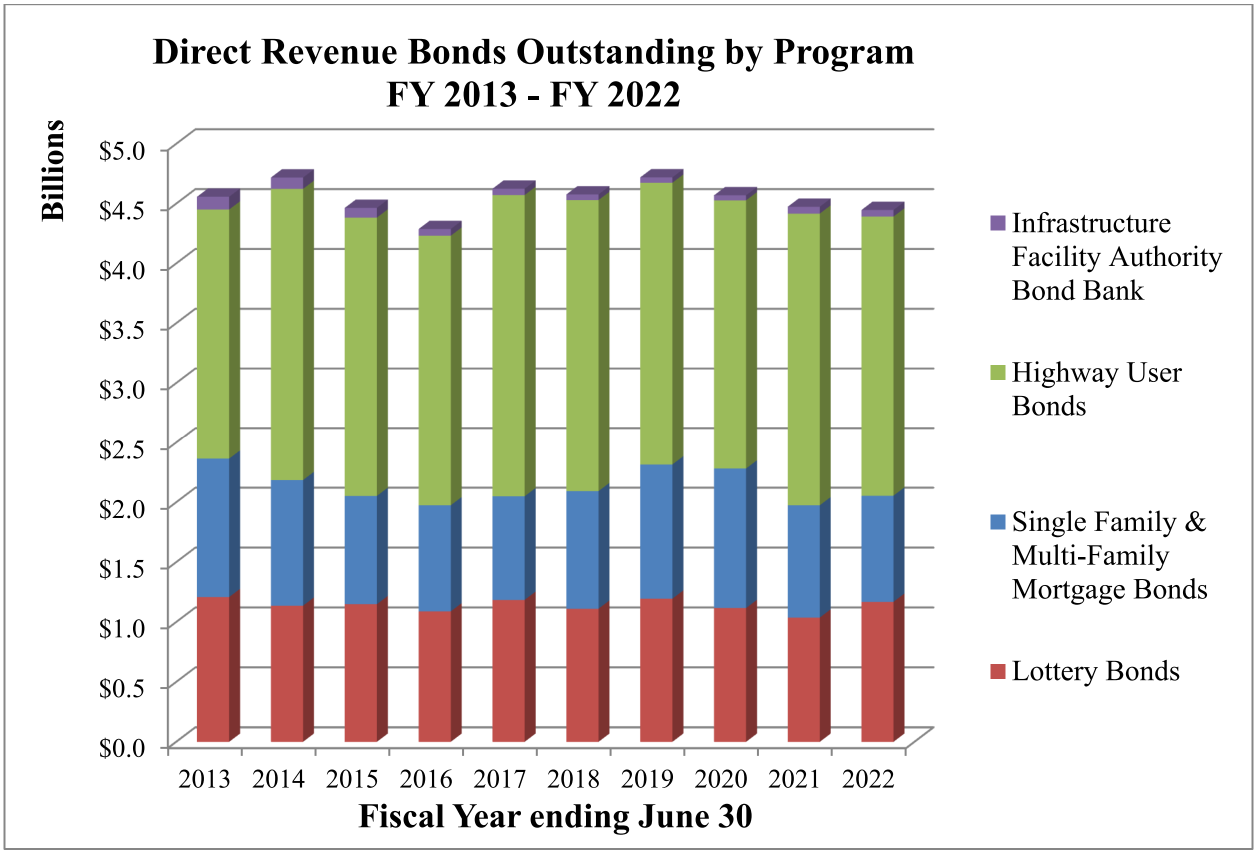
There has also been a steady increase over the decade in the issuance of Higher Education GO bonds (both Article XI-G and XI-F (1) bonds) which fund public university capital projects; on a combined basis, higher education indebtedness has grown from $1.5 billion in FY 2012 to $1.9 billion in FY 2022.

Exhibit II.2



Components of Direct Revenue Bonds. 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



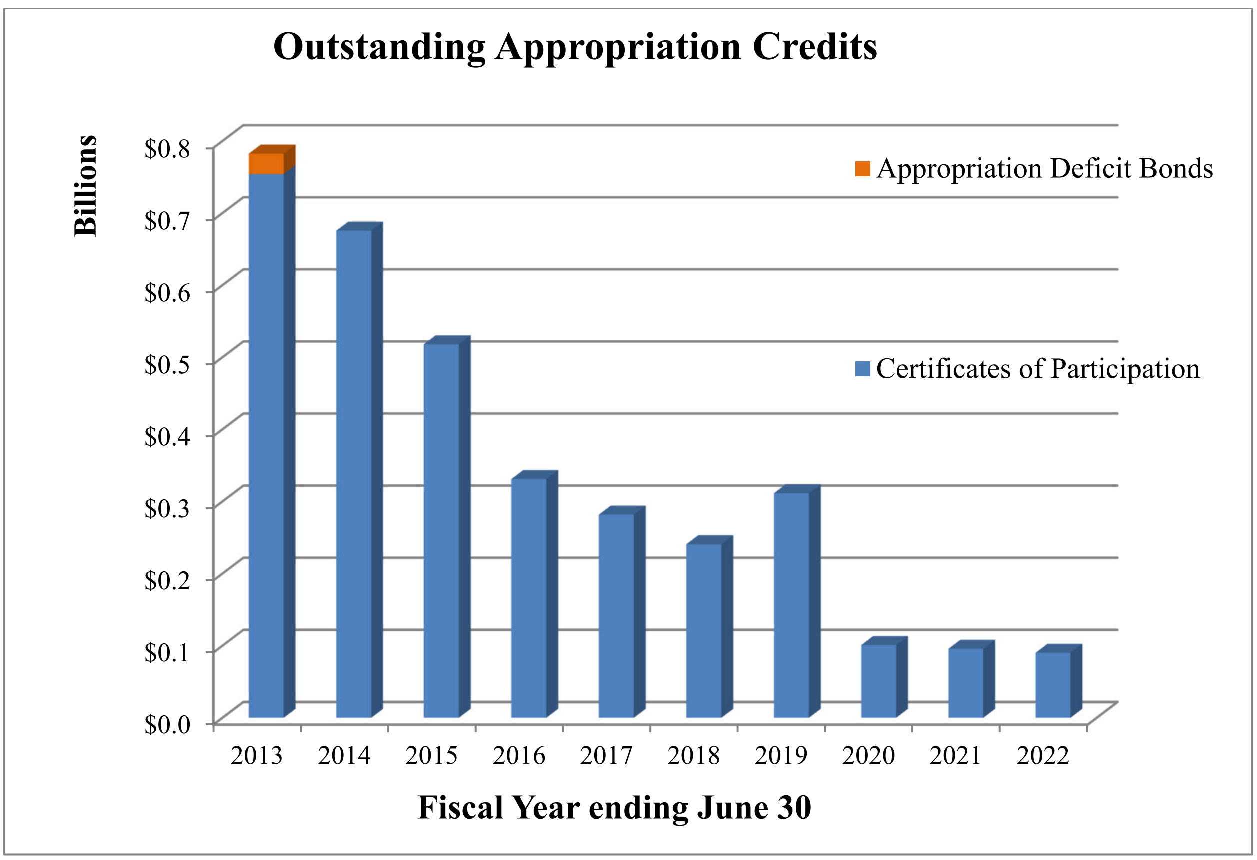
Certificates of Participation (COPs) and Appropriation Bonds. Appropriation obligations include both COPs and Appropriation bonds. The amount of appropriation obligations that can be issued is determined by the legislature each biennium. The State's original use of COPs was related to the passage of 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.

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.

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. Future issuance of COPs will be used primarily in instances where the projects do not meet Article XI-Q GO bonds eligibility. One such case and the only remaining COP is the March 2019 financing of $100 million in new COPs to fund the partial decoupling of the Elliott State Forest from the Common School Fund.

Exhibit II.4 illustrates appropriation credit issuance history through fiscal year ending June 30, 2022.

Exhibit II.4



B. Future Capital Needs of the State of Oregon

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, excluding public university facilities, is approximately 23 million gross square feet (MGSF) located in over 5,100 buildings and grounds with a replacement value of approximately $8.3 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.

Facility Condition Assessment. 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. At the time of these facility assessments, the capital renewal and deferred maintenance needs for 10 years for assessed buildings was estimated to cost over $1.2 billion. This is estimated to have grown to $1.8 billion over the next 10 years as of the date of this report.

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.5*, with Public Safety Standards, Agriculture and PERS 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.5

ASSESSED AGENCY CURRENT/10-YEAR FCI

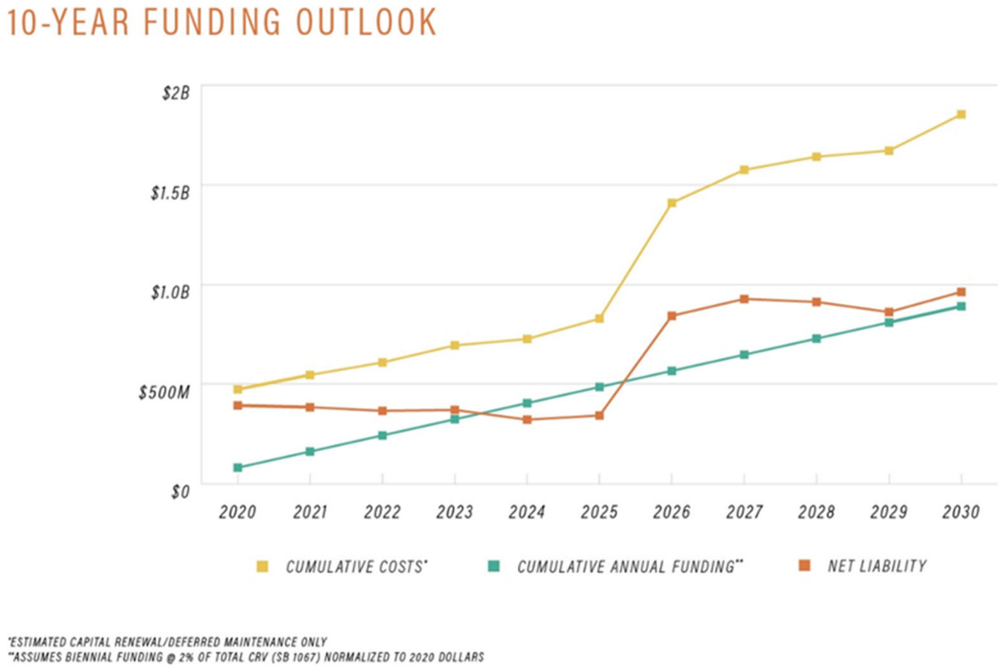
ASSESSED AGENCY	CURRENT FCI	CURRENT CONDITIONS	10-YEAR FCI (UNFUNDED	10-YEAR CONDITION
ADMINISTRATIVE SERVICES (DAS)	9.2%	FAIR	22.7%	POOR
PUBLIC SAFETY STANDARDS (DPSST)	0.6%	GOOD	20.8%	POOR
STATE LANDS (DSL)	19.3%	POOR	22.5%	POOR
AGRICULTURE (ODA)	0.1%	GOOD	0.1%	GOOD
AVIATION	14.2%	POOR	14.6%	POOR
CORRECTIONS (DOC)	10.9%	POOR	19.5%	POOR
EDUCATION (ODE)	30.4%	POOR	34.3%	POOR
FISH AND WILDLIFE (ODFW)	31.0%	POOR	40.4%	POOR
FORESTRY (ODF)	10.8%	POOR	28.1%	POOR
TRANSPORTATION (ODOT)	20.1%	POOR	20.1%	POOR
VETERANS AFFAIRS (ODVA)	6.0%	FAIR	10.0%	FAIR/ POOR
EMPLOYMENT (OED)	39.9%	POOR	50.2%	POOR
LIQUOR AND CANNABIS COMMISSION (OLCC)	11.8%	POOR	27.8%	POOR
MILITARY (OMD)	16.8%	POOR	24.4%	POOR
PARKS & RECREATION (OPRD)	NA	NA	NA	NA
STATE HOSPITAL (OSH)	NA	NA	NA	NA
STATE POLICE (OSP)	18.6%	POOR	23.6%	POOR
YOUTH AUTHORITY (OYA)	14.0%	POOR	24.8%	POOR
PERS	0.3%	GOOD	0.3%	GOOD

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 2017 Legislature is credited for the passage of SB 1067, which will help the State take a more proactive approach to addressing the then projected $1.2 billion in deferred maintenance and capital renewal funding estimated to be needed for the ensuing. 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, at the time of budget approval, of $8 billion for state-owned buildings and infrastructure, DAS projected a minimum funding level of $160 million per biennium was needed. It is believed an investment at this level would effectively equalize with annual needs for deferred maintenance and capital renewal by FY2029, as shown in *Exhibit II.6*

Exhibit II.6



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 proactively monitor 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. During the 2022 legislative session an additional $30 million of General Fund-Supported GO bonds were authorized to cover cost increases associated with deferred maintenance issues for university capital 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 nearly $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 and an additional $4.5 million was authorized during the 2022 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 and an additional $23 million of Lottery bonds were authorized during the 2022 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. 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 eligible expenditures 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.

In 2003, the Legislature authorized $1.9 billion in new ODOT HUTR bonds to address statewide bridge and highway modernization needs under the Oregon Transportation Investment Act (OTIA). In 2009 an additional $840 million of HUTR to fund projects under the Jobs and Transportation Act (JTA). All bond authorized for OTIA and the JTA have been issued.

In 2017, the Legislature passed House Bill 2017, known as "Keep Oregon Moving," (KOM) 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, KOM 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.

KOM authorized the issuance of $480 million in Highway User Tax Revenue Bonds to finance transportation projects across the State and allocated $30 million annually to fund ODOT's Regional Mobility Program, which seeks to make improvement to the Interstate 5 Rose Quarter Project and address congestion mitigation and safety in that urban corridor. The State has so far issued $240 million of the $480 authorized KOM bonds, with the final $240 million to be issued in FY 2023 as the KOM projects are well-underway.

The 2021-23 Biennium Bond Bill authorized a total of $880 million in net proceeds of ODOT HUTR Bonds to finance transportation projects across the State and allocated $30 million annually to fund ODOT's Regional Mobility Program, which seeks to make improvement to the Interstate 5 Rose Quarter Project and address congestion mitigation and safety in the Portland urban corridor.

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.

In November 2022, ODOT launched its inaugural Commercial Paper Program with an authorized issuance of $500 million under its short-term debt issuance authority pursuant to ORS 367.105. This program provides short-term financing and liquidity to assist ODOT in advancing major projects. Short-term program debt is not included in Net Tax-Supported Debt.

In December 2022, ODOT issued its first series of bonds in the amount of $214.04 million under its $30 million annual allocation for Regional Mobility Projects. Debt service on these bonds will reduce the available funds under the $30 million allocation for pay-go capital expenditures or future borrowing.

D. Corporate Activity Tax (CAT)

During the 2019 Regular Session, the Oregon Legislative Assembly passed HB 3427-A (known as the Student Success Act), which became effective in January 2020. The Act (ORS 317A) levies a Corporate Activity Tax based on commercial activity conducted by businesses. Monies raised under this Act are allocated to the State School Fund, Student Investment Account, Statewide Education Initiative Account and the Early Learning Account. At least half is allocated to grants to school districts for programs aimed at improving graduation rates, reading levels and attendance. Approximately 20 percent is designated to fund early childhood learning programs and the remaining 30 percent is earmarked to fund career-technical education programs and free meals at school for low-income students, among other educational enhancement initiatives.

The December 2022 Forecast projects CAT Net Funds Available for Transfer to grow from $2.44 billion in the current, 2021-2023 Biennium to $3.54 billion in the 2029-31 Biennium.

In addition to funding educational enhancement initiatives, the CAT has the benefit of diversifying the State's revenues and reducing our reliance on personal income tax to provide critical services to Oregonians. It further provides funding that is not subject to the personal income tax "kicker". The diversification benefit and potential to reduce volatility in State budget is viewed positively by the credit rating agencies and enhances fiscal and social sustainability efforts.

E. Funding of Wildfires: Remediation and Prevention

The State manages 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 permitted the use of FEMA funds to combat the fire and provide additional funds for future wildfire hazard mitigation. The total net cost of the 2021 fire season for emergency firefighting, after taking into consideration anticipated reimbursements, did not present 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 reached 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 were 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.

F. 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 plaintiff obtained a significantly large enough judgement resulting in long-term liability against the State this long-term liability would likely be considered by rating agencies and others as part of the State's general fund "indebtedness" and factored into its debt capacity. The $1.065 billion judgement in the lawsuit brought by several Oregon counties and special districts regarding unrealized forest revenues, which has since been reversed by the Oregon Court of Appeals, was an example of a large judgement that implicated those considerations. The Legislature and Governor should remain mindful of these types of judgements and the long-term budget implications that judgements of this nature can have on the State's General Fund-Supported debt capacity.

G. 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 along with the 2022 Legislative Session authorized the issuance of approximately $1.727 billion of General Fund-Supported Debt for the 2021-23 Biennium, of which $548 million was issued in FY 2022 and the remainder $1.179 billion is to be issued in FY 2023. Similarly, $217 million of the $515 million authorized issuance of Lottery Revenue Bonds was issued in FY 2022 and the remainder $298 million is expected to be issued 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.

This Page Intentionally Blank

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 utilize 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 2023 Commission Report provides an assessment of debt capacity from FY 2024 through FY 2031 based on the OEA's December 2022 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) (43% 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) (90% 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 2024 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 $559 million in FY 2024 to $1,066 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)
2023	$13,220	$661.0
2024	11,183	559.2
2025	13,834	691.7
2026	15,624	781.2
2027	16,536	826.8
2028	17,841	892.0
2029	18,938	946.9
2030	20,294	1,014.7
2031	21,323	1,066.2

[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 $1.727 billion in General Fund-Supported debt authorized by the 2021-2023 Biennium Bond Bill will be fully issued by June 30, 2023.

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;
- A conservative interest rate of 5.50%, the revised rate used for this 2023 annual SDPAC reports. This rate represents a 1.0% increase over the 4.50% that has been used in SDPAC reports since 2017. The revised rate of 5.50% is 208 basis points basis points higher than the 10-year average of the *Bond Buyer 20-Bond Index which was 3.42%* as of December 8, 2022[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
2024	559.2	(498.1)	(98.7)	(37.6)
2025	691.7	(477.4)	(98.7)	115.7
2026	781.2	(475.7)	(98.7)	206.8
2027	826.8	(466.0)	(98.7)	262.2
2028	892.0	(353.0)	(98.7)	440.4
2029	946.9	(344.9)	(98.7)	503.3
2030	1,014.7	(332.2)	(98.7)	583.8
2031	1,066.2	(318.5)	(98.7)	648.9
(1) This represents the total annual (fiscal year) debt service requirement on all General Fund Paid debt issued through FY22. 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 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.

[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.

Table III.3

Future General Fund Debt Capacity
Using Debt Service to General Fund 5% Target($Million)

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
2024	(37.6)	-	-	(37.6)	5.3%
2025	115.7	1,382.1	(115.7)	-	5.0%
2026	206.8	1,088.8	(91.1)	-	5.0%
2027	262.2	661.9	(55.4)	-	5.0%
2028	440.4	2,129.9	(178.2)	-	5.0%
2029	503.3	751.6	(62.9)	-	5.0%
2030	583.8	962.0	(80.5)	-	5.0%
2031	648.9	778.7	(65.2)	-	5.0%
Future General Fund Paid Debt (Capacity)		**$7,755.2**			

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 $7.755 billion in additional General Fund-Supported debt from FY 2024 through FY 2031

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 $1.94 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 deviating from 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	GF Debt Service as a % of General Fund Revenues
2024	-	5.3%	$ 969.4	6.1%
2025	$ 1,382.1	5.0%	969.4	5.3%
2026	1,088.8	5.0%	969.4	5.2%
2027	661.9	5.0%	969.4	5.4%
2028	2,129.9	5.0%	969.4	4.8%
2029	751.6	5.0%	969.4	4.9%
2030	962.0	5.0%	969.4	4.9%
2031	778.7	5.0%	969.4	5.0%
Total	**$7,755.2**		**$7,755.2**	

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 $1.727 billion over the 2021-2023 Biennium and estimates of General Fund revenues for the balance of the forecast period, remaining general fund capacity is $7.75 billion. Our interest rate sensitivity analysis indicates that a 1% increase in the assumed long-term interest rate would decrease capacity by $696.7 million (*Table II.5*) while a 1% decline results in increased capacity of $790.7 million.

Table III.5

Forecast of General Fund Debt Capacity With Changing Interest Rates FY 2024 - FY 2031 ($ Million)			
	Projected Debt Capacity at 5.5% Interest Rate	6.5% Interest Rate (1.0% Increase)	4.5% Interest Rate (1.0% Decrease)
Total	$ 7,755.2	$7,058.5	$ 8,545.9
Difference from Base Case		($ 696.7)	$ 790.7

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 $1.27 billion and a 10% increase in general fund revenue will increase general fund debt capacity by approximately $1.27 billion. (*Table III.6*).

Table III.6

Forecast of General Fund Debt Capacity With Changing General Fund Revenue Forecasts FY 2024 - FY 2031 ($ Million)			
	Projected Debt Capacity with Long-term General Fund Revenue Forecast	10% Increase in Long-term GF Revenue Forecast	10% Decrease in Long-term GF Revenue Forecast
Total	$ 7,755.2	$ 9,029.3	$ 6,481
Difference from Base Case		$ 1,274.1	($ 1,274.1)

The current economic environment can be considered volatile. With historically high inflation rate, the Federal Reserve Board commenced a monetary policy with a series of interest rate hikes to reduce inflation to its recent target levels. Since March 2022, the FRB has raised the Fed Funds rate by 375 basis points and has articulated a strategy of continued rate increases. The interest rate hikes are designed to dampen consumer demand and reduce inflation and could result in a recession, which would have the near-term effect of reducing revenues.

In addition to the projected lower revenues due to a "mild" recession, as projected by the OEA in its December 2022 Forecast, the State will pay a record $3.7 billion in personal income "kicker" credit to Oregon taxpayers in FY 2024.

The combination of a possible recession and the record "kicker" are indicative of the risk factors that need to be considered when bonding at the full capacity levels.

This Page Intentionally Blank

IV. LOTTERY REVENUE 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, 2022; assuming that no additional Lottery bonds are issued either this biennium or in the future.

Table IV.1

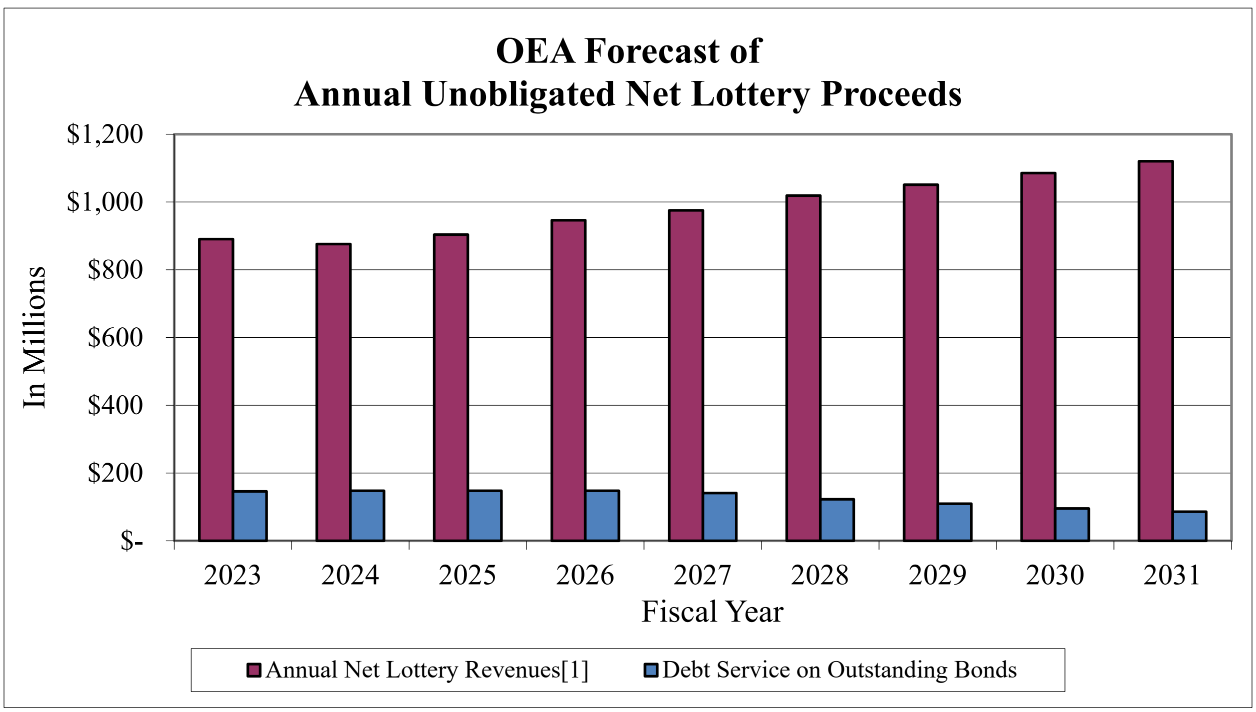
Forecast of Lottery Revenue and Debt Service Coverage Ratios ($ Millions)

Fiscal Year	Annual Net Lottery Revenue[1,2]	Debt Service on Outstanding Bonds	Projected Debt Service Coverage
2023	890.5	145.6	6.0
2024	875.7	147.6	5.9
2025	903.4	147.6	6.1
2026	946.2	147.6	6.4
2027	975.4	140.8	6.9
2028	1,018.7	122.4	8.3
2029	1,051.1	109.3	9.6
2030	1,085.2	95.2	11.4
2031	1,120.4	85.7	13.1

[1] Oregon Office of Economic Analysis, Oregon Economic and Revenue Forecast, December 2022

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 2022.
[2] Includes Lottery bonds issued through June 30, 2022.

B. Lottery Revenue Debt Capacity and Coverage Ratios

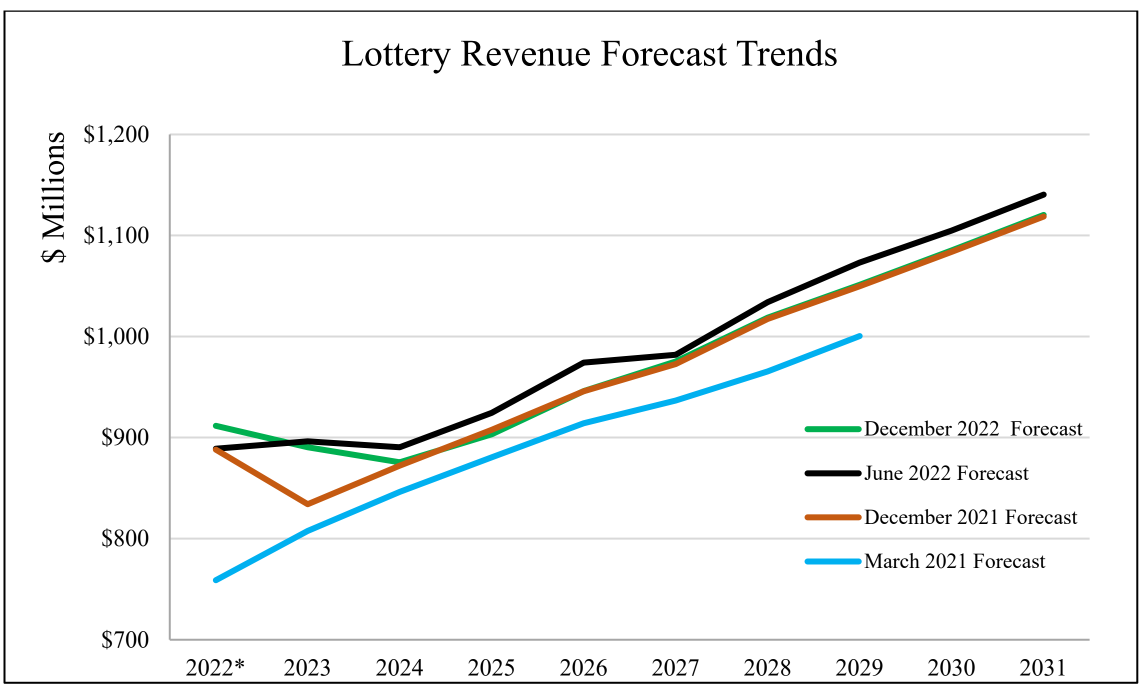
The most appropriate means of determining future debt capacity for this program is its current legal debt service coverage requirements. The extent to which available revenue pledged to repay this debt service exceeds the debt service requirement on existing and planned issuance is referred to as the 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 2022 Forecast is higher than the amounts presented in the 2019, 2020 and 2021 SDPAC reports, the December 2022 Forecast records a dip in from FY 2022 to FY 2023 due to the assumption that normal consumption patterns resume and Oregonians have more entertainment and travel options available, if COVID-19 remains contained. The outlook in the December 2022 Forecast is for strengthening Lottery revenues going forward.

Exhibit IV.2



Source: Oregon Office of Economic Analysis, December Economic and Revenue Forecast Reports, 2019 - 2022.

Based on the December 2022 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 $890.5 million in FY 2023 to $1,120.4 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 2023, the maximum annual debt service supportable by forecasted FY 2023 Lottery Revenue in the December 2022 Forecast is as follows:

$890.5 million ÷ 4 Times Coverage = **$222.6 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, 2022; and
- Assumes the issuance of $298 million remaining amount of the $515 million Lottery Revenue bonds authorized for the 2021-23 Biennium are issued in FY 2023; and
- Estimates future capacity to issue additional Lottery Revenue bonds from FY 2023 through FY 2031, using the December 2022 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, 2022.

Table IV.2 column 4 shows projected debt service for FY 2023 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 $2.03 billion in Lottery Revenue bond capacity for the forecast period FY 2023 through FY 2031.

The table below uses the December 2022 Forecast and assumes the issuance of $298 million of Lottery Revenue Bonds in the FY 2023. In addition, our model uses a 5.50% interest rate to compute future debt capacity and level debt service over twenty years. Based on these assumptions, forecasted Lottery Revenue will support the future issuance of $2.03 billion over the next four biennium commencing with the 2023-25 Biennium.

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, 2022	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
2023	890.5	(145.6)	--	--	--	(145.6)	6.1	16%
2024	875.7	(147.6)	(24.9)	554.3	(46.4)	(218.9)	4.0	25%
2025	903.4	(147.6)	(24.9)	82.7	(6.9)	(225.8)	4.0	25%
2026	946.2	(147.6)	(24.9)	127.8	(10.7)	(236.5)	4.0	25%
2027	975.4	(140.8)	(24.9)	169.4	(14.2)	(243.9)	4.0	25%
2028	1,018,7	(122.4)	(24.9)	348.6	(29.2)	(254.7)	4.0	25%
2029	1,051.1	(109.3)	(24.9)	253.9	(21.2)	(262.8)	4.0	25%
2030	1,085.2	(95.2)	(24.9)	269.5	(22.6)	(271.3)	4.0	25%
2031	1,120.4	(85.7)	(24.9)	219.6	(18.4)	(280.1)	4.0	25%
Max Lottery New Debt Capacity				**2,025.7**				

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.

Table IV.3

Recommended Allocation of Additional Lottery Revenue Debt Capacity ($ Million)			
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
2023	-	6.1	16%
2024	253.2	4.5	22%
2025	253.2	4.2	24%
2026	253.2	4.0	25%
2027	253.2	3.9	26%
2028	253.2	4.0	25%
2029	253.2	4.0	25%
2030	253.2	4.0	25%
2031	253.2	4.0	25%
New Max Debt Capacity	**$ 2,025.7**		

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 5.5%, the capacity of Lottery Revenue to support additional bond issuance is calculated to be $2,025.7 million over the balance of the forecast period. A 1% increase in the projected long-term interest rate on these bonds to 6.50 % would reduce the maximum available capacity over this period by approximately $181.2 million; conversely, a reduction in the interest rate assumption by 1% to 4.50% would add roughly $205.6 million in capacity over the forecast period.

Table IV.4

Forecast of Lottery Revenue Debt Capacity*
From FY 2023 to FY 2031
at Various Assumed Interest Rates
($ Million)

	5.5 % Interest Rate	4.5 % Interest Rate (1% Decline)	6.5 % Interest Rate (1% Increase)
Total	$2,025.7	$2,231.4	$1,844.5
Difference from Base Case		$205.6	($181.2)

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 $334.7 million over the next four biennia. Conversely, as *Table IV.5* illustrates, a 10% increase in projected Lottery Revenue would add $334.7 million to the long-term debt capacity over the forecast period.

Table IV.5

Forecast of Lottery Revenue Debt Capacity*
From FY 2023 to Y 2031
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	$2,025.7	$1,691.0	$2,360.5
Difference from Base Case		$(334.7)	$334.7

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, 2022. The State’s Net Tax-Supported debt, as of June 30, 2022, was $8.99 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. 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)	$77,160,000
Higher Education Facility Bonds (Article XI-G)	42,840,000
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)	1,308,770,436
Total General Obligation Bonds	$1,727,210,436
Direct Revenue Bonds	
Lottery Revenue Bonds	515,510,000
Highway User Tax Revenue Bonds	880,000,000[1]
DAS General Purpose GO (Article XI-Q)	326,644,564
Appropriation Credits	
DAS Financing Agreements (ORS 283 & 286A.035)	100,000,000[2]
Total Net Tax-Supported Debt Authorizations	$3,549,365,000

[1]For purposes of this *2023 Commission Report*, ODOT is expected to issue $454 million of its $880 million of Bonding authorization during the 2021-23 Biennium and is reflected in the NTSD computations below.
[2]DAS Financing Agreements are not included in the Net Tax-Supported debt computations for the 2023 report.

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. Deferred maintenance and improvements to State facilities as well as funding for the LIFT program for affordable and permanent supportive housing account for the significant growth in Article XI-Q GO Bonds.

In its September 7, 2022 Report: Debt, pension and OPEB liabilities all up in fiscal 2021 (which uses 2021 data), Moody's determined the average NTSD per capita for the 50 states was $1,772 and the median was $1,179[1]. The average NTSD as a percentage of income was reported at 2.8% and the median at 2.1%.

By comparison, Moody's Investor Services reported Oregon FY 2021 per capita NTSD of $2,579 relative to the median NTSD for all states of $1,179, and the State's NTSD as a percent of personal income in FY 2021 at 4.3% relative to the 2.1% median for all states. Oregon's NTSD ranked 16th

[1]Moody's September 7, 2022, Report: *Debt, pension and OPEB liabilities all up in fiscal 2021*

highest nationally in terms of Net Tax-Supported Debt outstanding in 2021, but 11th highest in terms of Net Tax-Supported Debt per capita at $2,579 and 11th in Net Tax-Supported debt as a percentage of personal income at 4.3%.

The numbers reported by Moody's vary significantly from what is reported in the Commission Report due in part to the differences in methodology used and sources of data. Moody's uses the principal outstanding plus unamortized premium on bonds issued, contracts and other long-term liabilities as reported in the State ACFR, whereas the Commission numbers are based on principal outstanding and does not account for unamortized premium on bonds, State contracted leases or other long term contracts of the State.

Although information reported by the rating agencies differ from those presented by the State, both sets of data show increasing State debt levels on a per capita basis and as a percent of overall statewide personal income.

As *Table V.2* illustrates, at the end of the 2019-21 Biennium, Oregon's outstanding NTSD was $8.83 billion. By the end of the current 2021-23 Biennium, the State's NTSD is projected to increase to $10.60 billion. This increase reflects i) the amortization of $1.255 billion of applicable debt, ii) the issuance of an aggregate $515 million of Lottery Revenue Bonds (which incorporates bonding authorized in the 2019-21 Biennium but were not issued due to COVID), $2.05 billion in new General Obligation (excluding Non XI-Q dedicated funds GO debt), and $454 million projected issuance of the $880 million of Highway User Tax authorized by the 2021-23 Biennium Bond Bill.

Oregon's NTSD, when measured on a per capita basis was $2,069 for FY 2021 and is expected to increase to $2,451 at the end of FY 2023, when the 2021-23 Biennium closes. When measured as a percent of Oregon personal income, the State's NTSD was 3.46% for FY 2021 and is projected to be 3.77% for FY 2023.

Table V.2

State Net Tax-Supported Debt
(Per Capita and as a Percentage of Statewide Personal Income)

Fiscal Year Ending June 30th				
	2019-21 Biennium		**2021-23 Biennium**	
	FY 2020 (Actual)	**FY 2021 (Actual)**	**FY 2022 (Actual)**	**FY 2023 (Projected)**
Net Tax-Supported Debt ($bn)	$8.39	$8.83	$8.99	$10.60
Population*	4,268,055	4,266,560	4,294,500	4,321,900
Personal Income * ($bn)	$238.30	$254.90	$267.70	$281.10
NTSD Per Capita	$1,966	$2,069	$2,094	$2,451
NTSD as a % of Personal Income	3.52%	3.46%	3.36%	3.77%
Pension Obligation Bonds Excluded				
NTSD Per Capita	$1,645	$1,781	$1,843	$2,241
NTSD as a % of Personal Income	2.95%	2.98%	2.96%	3.45%
*Source: Oregon Office of Economic Analysis, December 2022 Economic and Revenue Forecast				

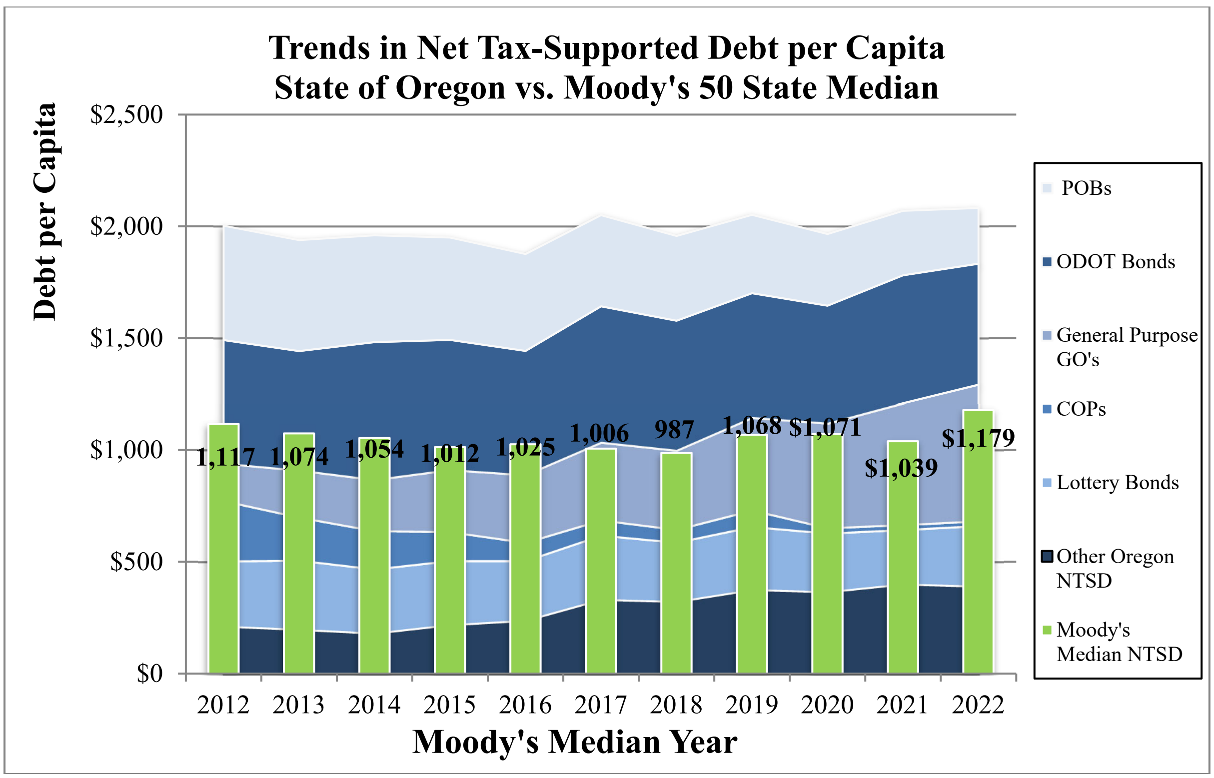
Rating agencies typically calculate total Net Tax-Supported Debt both with and without pension obligation bonds. In this way, they do not penalize states that issue POBs in comparison to other states that may not have issued POBs yet may still have sizable unfunded pension liabilities. For

Oregon, if pension obligation bonds are excluded from the NTSD calculation shown in *Table V.2*, the estimated FY 2022 debt burden is $1,843 per capita and 2.96% of personal income for FY 2022. For FY 2023, this number increases to $2,241 per capita or 3.45% of personal income.

Debt Ratio Comparisons

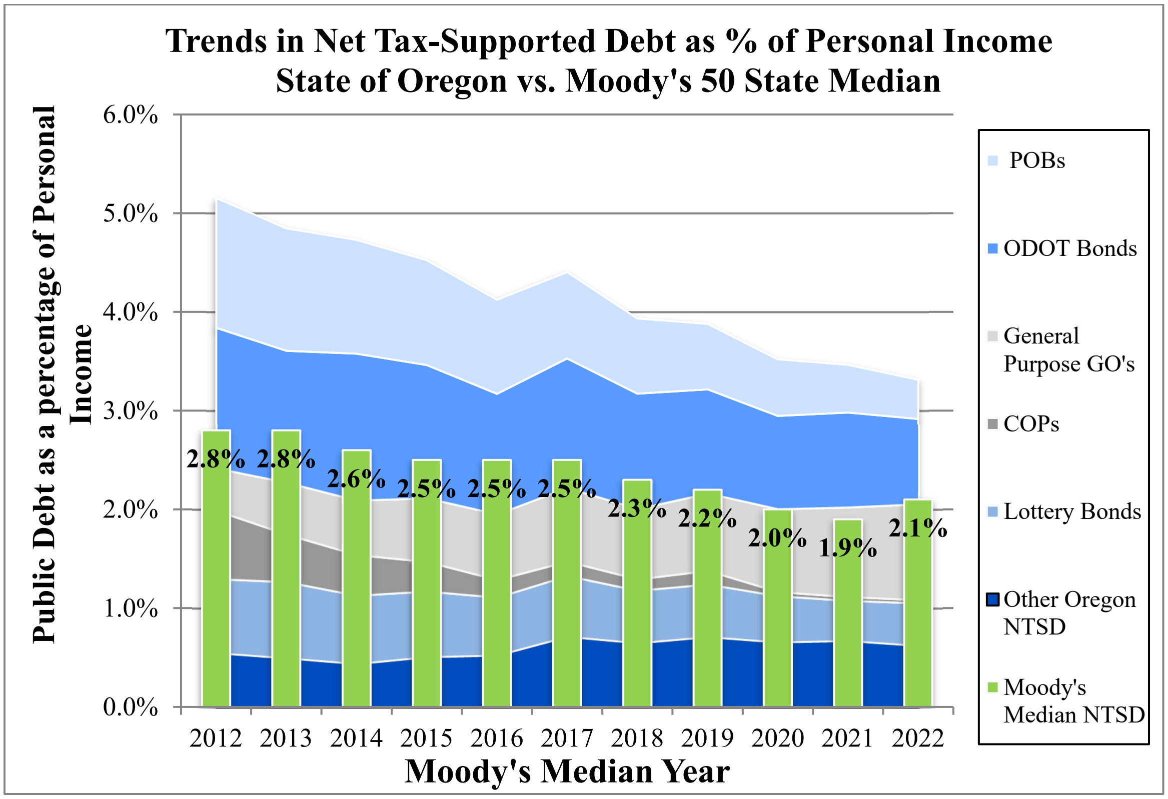
At the time of this report, Oregon's general obligation debt was rated Aa1 by Moody's, and AA+ by both Standard & Poor's and Fitch Investors Service. *Exhibits V.1a* & *V.1b* compare Oregon's NTSD ratios over the past decade with the Moody's median ratios of all 50 states. Prior to FY 2003, Oregon's 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 income was well above the 50-state median in FY 2011 at 5.5%, this ratio has declined to FY 2022 levels of 4.3% as personal income levels have increased across the State.

Exhibit V.1a



Source: Moody's Median Reports, 2012-2022.

Exhibit V.1b



Source: Moody's Median Reports, 2012-2022

[1] Moody's *2021 State Debt Medians* reflect NTSD as of the end of calendar year 2021.

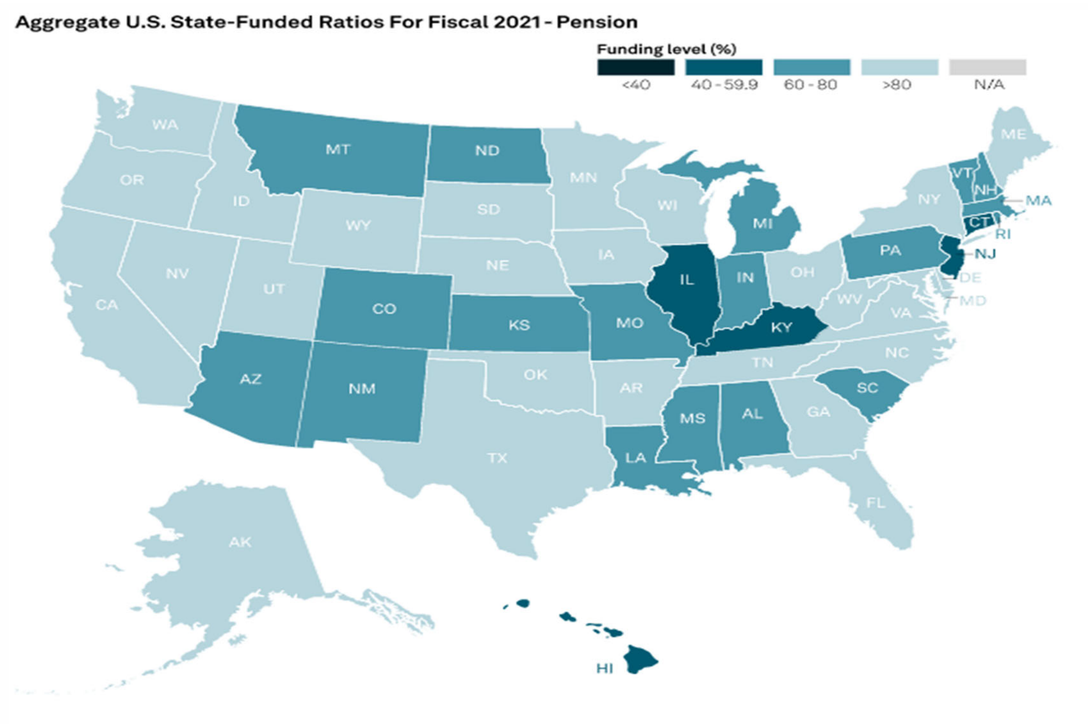
Overall State Long-term Liabilities

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 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 "*Market Swings Could Signal Contribution Volatility for U.S. State Pensions and OPEBs dated August 3, 2022*". This report shows the net pension and OPEB liability as well as the funded ratio for the pension systems and OPEB of all fifty states, as reported in their ACFRs for FY 2021.

As reported by S&P at 87.6% funded in FY 2020, Oregon's pension funded status ranked 19th highest among states and above the 81.6% 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.

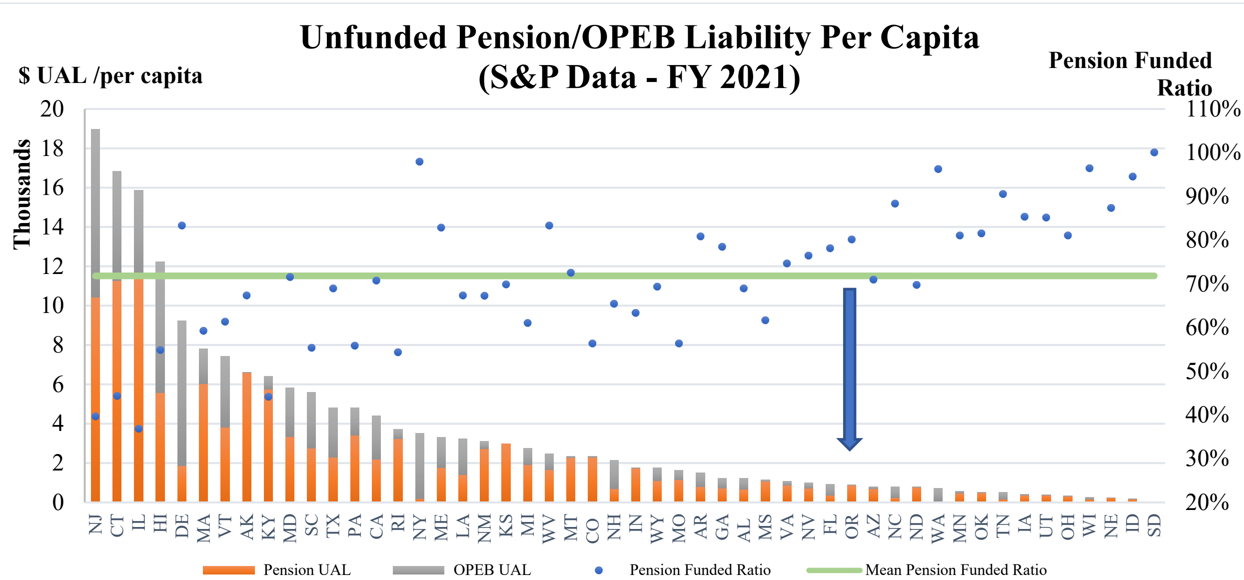
Exhibit V.2 illustrates S&P's categorization of Oregon as one of the 21 states with pension funded ratios of 60 to 80% using fiscal year 2021 data.

Exhibit V.2



N/A--Not applicable. Source: S&P Global Ratings.

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 August 3, 2022, report: *Market Swings Could Signal Contribution Volatility For U.S. State Pensions And OPEBs* using FY 2021 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.



S&P August 3, 2022, report: *Market Swings Could Signal Contribution Volatility For U.S. State Pensions And OPEB*

The aforementioned S&P report also compares the combined public debt and unfunded pension and OPEB 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.

NTSD Incorporating Unfunded Pension and OPEB Liability. In recent years, the national rating agencies have placed more emphasis on states' overall balance sheet liability, which includes NTSD, as described above, as well as unfunded actuarial pension and OPEB liability. The State currently has surplus OPEB assets exceeding its actuarial liability. Therefore, the data for FY 2022, which reflects calendar year 2021 State Agency Valuation, includes only the State's unfunded actuarial liability for the pension system.

As shown in the table below, the State's unfunded Pension Liability was reduced due to strong 2021 financial performance of the PERS pension plan. This PERS Plan performance had the effect of reducing overall balance liability of the State.

The following table adds the State's accrued unfunded pension and OPEB liability to Net Tax-Supported debt over the last several years. Strong pension investment performance in 2021, reflected in FY 2022, reduced the unfunded actuarial liability and resultant balance sheet liability when compared to prior years.

Oregon Balance Sheet Liability
(Per Capita and as a Percentage of Statewide Personal Income)
(NTSD and Unfunded Liability)

	FY 2020	FY 2021	FY 2022[3]
Net Tax Supported Debt ($Bn)	$8.39	$8.83	$8.99
State Net Pension & OPEB Liability ($Bn)[1]	5.86	7.17	5.07
Total Balance Liability ($Bn)	$14.25	$16.00	$14.06
Population	4,268,055	4,266,560	4,294,500
Balance Sheet Liability Per Capita	$3,338	$3,750	$3,274
Personal Income ($Bn)	$238.30	$254.90	$267.70
Balance Sheet Liability - % of Personal Income	5.98%	6.28%	5.25%
Gross State Product (GSP) ($Bn)[2]	$227.09	$264.11	$294.32
Balance Sheet Liability - % of GSP	6.27%	6.06%	4.78%

[1]Pension data represents the calendar year preceding the close of Fiscal Year and only includes the unfunded accrued actuarial liability – surplus are excluded.
[2]Bureau of Economic Analysis data as of Q2 2022 published December 2022
[3]FY 2022 unfunded pension and PERS liability are derived from the calendar year 2021 Valuation Report.

Impact of Recent PERS Development

In October 2021, the PERS Board adopted revisions to its assumed rate of return assumptions and rate-setting methodologies. Specifically, PERS reduced the assumed investment rate of return (Assumed Rate) by 0.30 percent from 7.20% to 6.90% and modified the rate collaring methodology to focus only on the unfunded actuarial liability and the pension plan funded status. Reduction in the assumed rate had the effect of increasing the unfunded liability. The Assumed Rate is used to compute the present value of future benefits to PERS beneficiaries and is commonly referred to as the discount rate. The reduction in the Assumed Rate (discount rate) has the effect of increasing the State's unfunded actuarial liability.

At the December 2022 meeting, the Oregon Investment Commission (OIC) elected to reduce risk by increasing allocation to fixed income from 20% to 25% and reduce exposure to public equity from 30% to 27.5%. This change was done to reflect the higher interest rate environment, which is allowing us to take less risk to achieve the assumed rate.

Based on adjustments in its December 2022 meeting the PERF investment portfolio mix is comprised of 37.5% Public Equity, 20% Private Equity, 25% Fixed Income, 12.5% Real Estate, and 7.5% Real Assets and 7.5% Diversifying Strategies. 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 calendar year ended December 31, 2021, OPERF investments returned an approximate 20.0%. 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 interest 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.

In the December 2020 PERS Valuation Report, released in December 2021, PERS included 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.

During its December 2022 rate setting meeting, the PERS Board applied the changes in the assumed investment rate of return to the December 2021 Valuation Report assets to derive employer contribution rates for the 2023-2025 Biennium, which will become effective as of July 1, 2023. Although the reduction in the assumed rate of return had the effect of increasing the accrued unfunded liability, record investment earnings in 2021 increased plan assets and served as an offset. Systemwide, PERS reported a funded status as of December 31, 2021, of 86.4%, with side accounts included in the asset base, versus 75.9% in 2020. This overall funded status and resulting reduction in the unfunded actuarial liability has the effect of reducing the portion of employer contributions allocated to amortizing the accrued unfunded pension liability. As a result, the changes to employer contribution rates for the upcoming Biennium were modest

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.

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 Elderly & Disabled Housing Project GO Bonds (Article XI-1(2));
- OHCSD Single-Family & Insured Multi-Family Revenue Bonds (ORS 456.661);
- Pollution Control GO Bonds (Article XI-H) (57% 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, (or partially) 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 determined by 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.

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).
Infrastructure Finance Authority Bond Bank Program Revenue Bonds *ORS Chapter 285B*	• 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.

Elderly & Disabled Housing Project General Obligation Bonds *Article XI-I(2)* and **Single-Family & Multi-Family Revenue Bonds** *ORS 456.661*	• 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.
Conduit Revenue Bond Programs *Oregon Facilities Authority* *Industrial Development Revenue Bonds* *Housing Development Revenue Bonds* *Beginning & Expanding Farmer Loan Revenue Bonds*	• 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.

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 ensure 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, 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 operating 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 2022, these General.

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.

SELP has not issued new loans since 2015. In addition, the State Treasury refunded and restructured a portion of the outstanding ODOE bond portfolio in 2017 and in 2020, lowering SELP'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. 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, pledged 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.

H. 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 is 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 all 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.

Constitutional, Statutory, and Administrative Framework For OSBG

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.

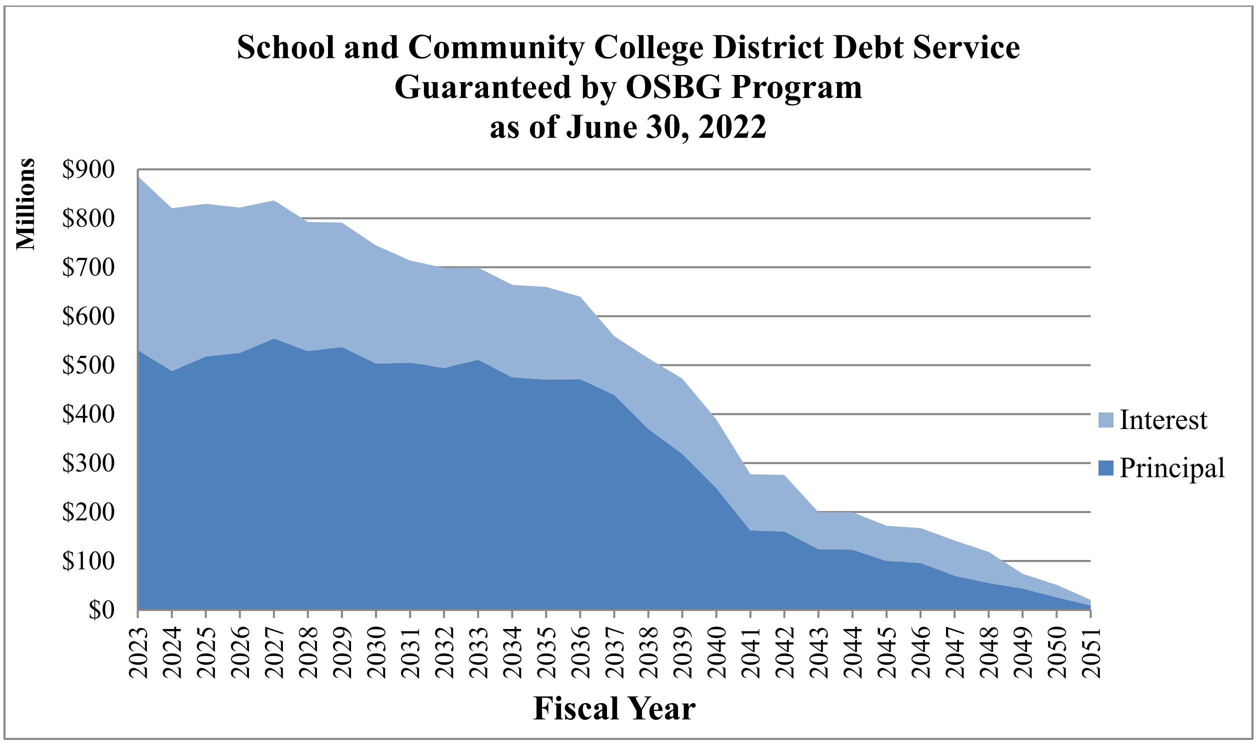
In addition, the administrative aspects of the OSBG program have been designed to reduce the likelihood of payment default by participating educational districts. The district's business administrator is required to transfer to its paying agent funds sufficient to cover each debt service payment at least 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.

OSBG Program Statistics

Since its inception in 1999, the OSBG program has grown significantly in size and scope; as of June 30, 2022, the program has guarantees on $9.4 billion of outstanding GO bonds ($14.2 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 $15.67 million per year, or $313.3 million over a 20-year period.

Exhibit VI.1 projects State-guaranteed principal and interest over the remaining life of these school bonds. As of June 30, 2022, this guaranty applies to local school district and community college annual debt service payments of $886.1 million for FY 2023, which is equivalent to approximately 6.84% of total expected FY 2023 State General Fund revenues and 18.43% of projected FY 2023 State school aid for schools and community colleges.

Exhibit VI.1



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. OSBG guarantees general obligation debt of local governments, which have had a long track record of positive financial management and in many instances, strong credit ratings. In addition, OST Debt Management Division conducts a rigorous review of each OSBG application and ensures the appropriate documentation and that the disclosure is up to date.

Although, the OSBG is a contingent liability of the State, the rating agencies, and Moody's in-particular, have revised their methodology to increase monitoring of such liability. Currently, 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 has successfully reduced the borrowing costs of participating jurisdictions throughout the State, OST continues to monitor the program due to the strong and increasing utilization of the guaranty by increasing numbers of local school districts and community colleges. 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, 2022, 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* demonstrate, there are four (4) school districts with annual debt service on OSBG GOs and POBs that exceed the amount of annual State school aid received in FY 2022. For additional details on the state aid and the amount of debt service guaranteed for specific districts in FY 2023, please see *Appendix A*, *Tables A-9*, *A-10*, and *A-11* of this report.

I. Local Government Pension Bond Use of Fund Diversion Agreement

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. Under these Fund Diversion Agreements, the State Board of Education agrees to make POB debt service payments to the POB bond trustee out of the annual state aid grants made to participating districts.

As of fiscal year end 2021, local governments had $2.26 billion of outstanding POBs. After OARs were amended to reflect the provisions of SB1049, (ORS 238.697), local governments issued $1.88 billion of POBs during FY 2022. As of June 30, 2022, the outstanding amount of local government POBs totaled $3.51 billion, after factoring amortization of principal in FY 2022 and new issuances. Local government issuers of POBs include pooled entities such as the Oregon School Board Association, Oregon Education District, the School Districts and Community Colleges. While most of these POBs were sold as non-callable taxable bonds, some were structured with call features on certain maturities, which allows for future refundings. All of the POB issued in FY 2022 utilized the Fund Diversion Agreement, which enhanced the rating of these POBs and lowered their interest costs paid by local governments.

Exhibit VI.2 shows the growth in the amount of POB debt service of school districts and community colleges. These POBs utilize the Fund Diversion agreement which diverts state school aid each year to pay district POB debt service. The Commission estimate that the State will divert $457.7 million in state school aid for this purpose in FY 2023, or 9.52% of combined annual state aid for school districts and community colleges.

Exhibit VI.2

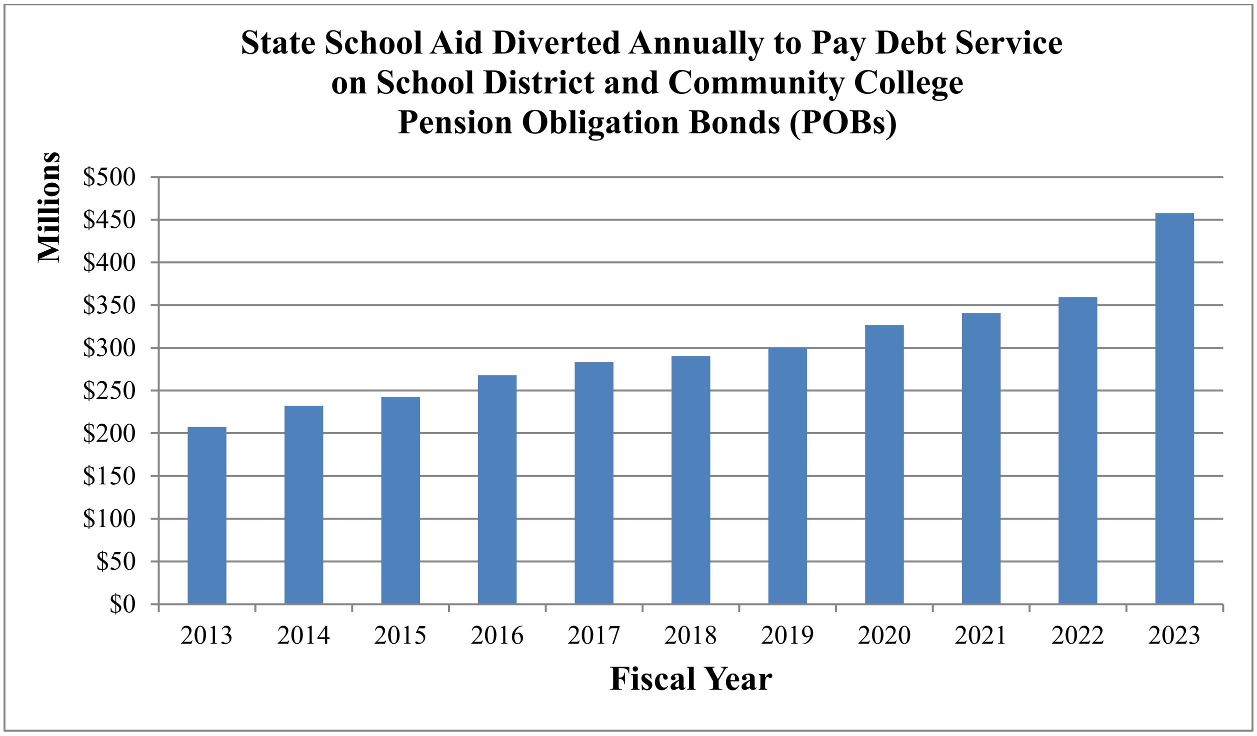
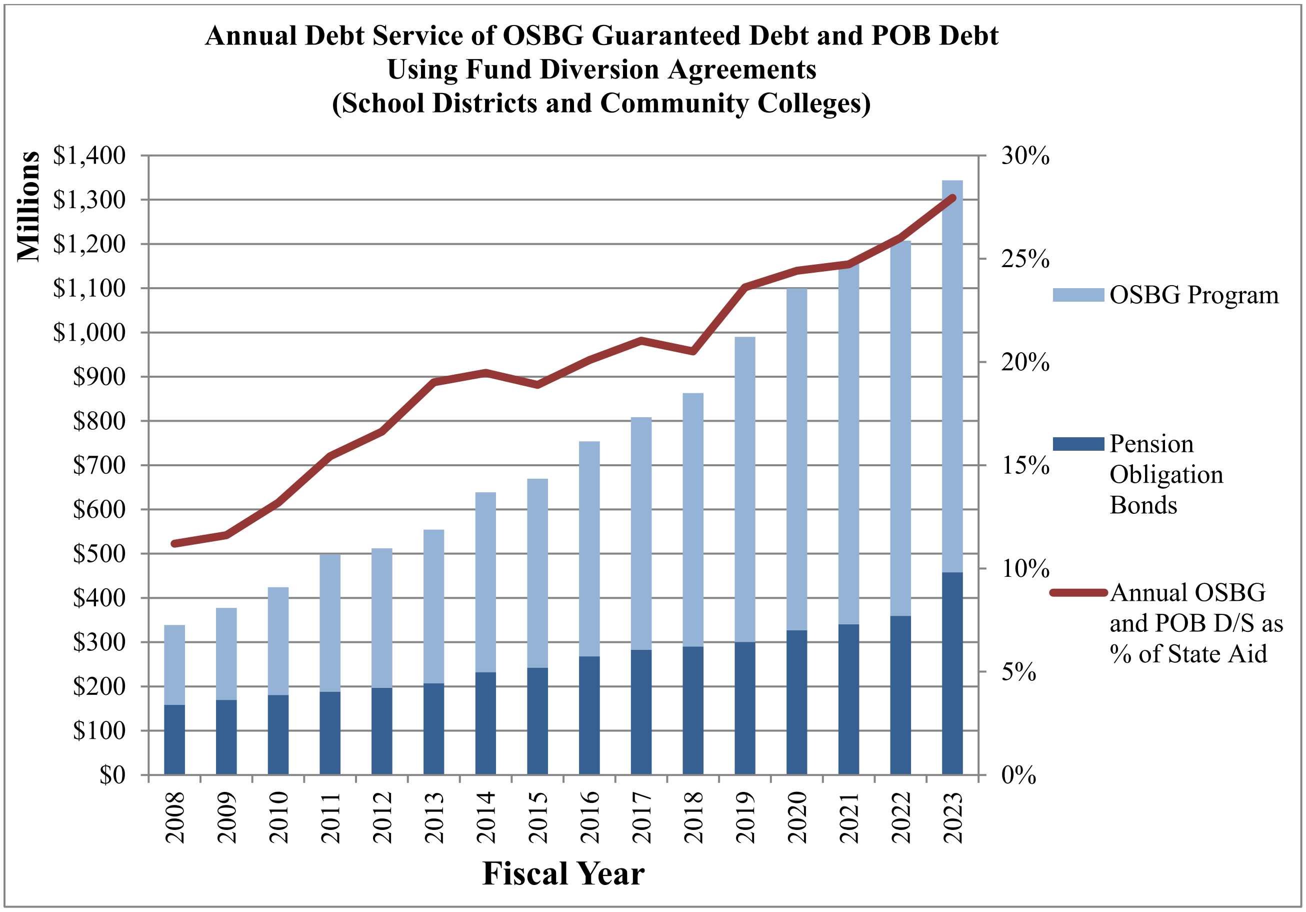


Exhibit VI.3 displays the steady growth in the State's combined annual guaranteed debt service for both the OSBG and the POB fund diversion programs. As the next chart shows, these state aid intercept bonding programs are relying on a significant percentage of state aid to schools. The Commission projects that the combined FY 2023 debt service on outstanding bonds guaranteed by the State under the OSBG program and POBs utilizing the Fund Diversion Agreement will represents 27.95% of State school aid, an all-time high for combined programs.

Exhibit VI.3



J. POBs Issued Pursuant to SB 1049 (ORS 238.697)

To address concerns over the growing levels of POBs issued by Oregon school districts and local jurisdictions, the 2019 Legislative Assembly enacted SB 1049 (codified as ORS 238.697). The statute establishes certain prerequisites for the issuance of POBs by public bodies 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 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 State Debt Policy Advisory Commission report, provided to the Legislative Assembly annually. 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 (OAR), approved in May of 2021 by the Municipal Debt Advisory Commission (MDAC), 35 public bodies have issued POBs totaling $1.88 billion from July 2021 to June 2022. The POBs use the Fund Diversion Agreement that improves the creditworthiness of the bonds.

Exhibit VI.4, below, illustrates the local public body issuers of POBs since enactment of SB 1049 and the data that has been collected from the public bodies.

Exhibit VI.4

PUBLIC BODY	DATE OF ISSUE	AMOUNT ISSUED	POB BOND TIC (a)	EXPECTED EARNINGS ON POB PROCEEDS (%) (b)	ACTUAL/ CUMULATIVE EARNINGS (%) (c)[1]
Multnomah Cty SD 1J (Portland)	7/15/2021	$399,390,000	2.18%	7.2	20.76
Baker Cty SD 5J (Baker)	8/19/2021	$19,600,000	1.62%	7.1	20.76
Lane Cty SD 52 (Bethel)	8/19/2021	$68,905,000	2.45%	7.1	20.76
Polk Cty SD 2 (Dallas)	8/19/2021	$39,575,000	2.45%	7.1	20.76
Umatilla Cty SD 5R (Echo)	8/19/2021	$3,340,000	2.52%	7.1	20.76
Marion Cty SD 1 (Gervais)	8/19/2021	$3,985,000	2.51%	7.1	20.76
InterMountain ESD	8/19/2021	$13,875,000	2.47%	7.1	20.76
Jefferson ESD	8/19/2021	$2,380,000	2.54%	7.1	20.76
Jefferson Cty SD 509J (Madras)	8/19/2021	$31,905,000	2.46%	7.1	20.76
Lake Cty SD 7 (Lakeview)	8/19/2021	$10,750,000	2.48%	7.1	20.76
Umatilla Cty USD 7 (Milton-Freewater)	8/19/2021	$8,210,000	2.48%	7.1	20.76
Morrow Cty SD 1	8/19/2021	$18,300,000	2.46%	7.1	20.76
Marion Cty SD 15 (North Marion)	8/19/2021	$15,390,000	2.47%	7.1	20.76
Marion Cty SD 29J (North Santiam)	8/19/2021	$14,755,000	2.47%	7.1	20.76
Lane Cty SD 76 (Oakridge)	8/19/2021	$6,985,000	2.49%	7.1	20.76
Deschutes Cty SD 2J (Redmond)	8/19/2021	$71,800,000	2.45%	7.1	20.76
Douglas Cty SD 4 (Roseburg)	8/19/2021	$32,535,000	2.46%	7.1	20.76
Marion Cty SD 4J (Silver Falls)	8/19/2021	$35,425,000	2.46%	7.1	20.76
Lane Cty SD 19 (Springfield)	8/19/2021	$106,955,000	2.45%	7.1	20.76
Tillamook Cty SD 9 (Tillamook)	8/19/2021	$13,195,000	2.47%	7.1	20.76
Umatilla Cty SD 6 (Umatilla)	8/19/2021	$10,705,000	2.48%	7.1	20.76
Union Cty SD 1 (La Grande)	8/19/2021	$19,435,000	2.46%	7.1	20.76
Clackamas Cty SD 3J (W.Linn-Wilsonville)	8/19/2021	$112,440,000	2.45%	7.1	20.76
Umpqua Community College	8/31/2021	$17,805,000	2.50%	7.1	20.76
Mt Hood Community College	8/31/2021	$58,895,000	2.48%	7.1	20.76
Clackamas Community College	8/31/2021	$49,740,000	2.49%	7.1	20.76
Rogue Community College	8/31/2021	$31,545,000	2.49%	7.1	20.76
Chemeketa Community College	8/31/2021	$55,965,000	2.48%	7.1	20.76
Clackamas Cty SD 62 (Oregon City)	9/29/2021	$74,500,000	2.44%	7.1	20.76
Lane Cty SD 45J3 (South Lane)	6/22/2022	$26,691,611	4.50%	6.9	FY22 data N/A
Multnomah Cty SD 3 (Parkrose)	6/22/2022	$27,156,599	4.50%	6.9	FY22 data N/A
Multnomah ESD	6/22/2022	$60,233,416	4.45%	6.9	FY22 data N/A
Umatilla Cty SD 8 (Hermiston)	6/22/2022	$61,733,955	4.45%	6.9	FY22 data N/A
Lane County	6/28/2022	$286,638,289	4.30%	6.9	FY22 data N/A
Lane Community College	6/30/2022	$69,000,000	4.20%	6.9	FY22 data N/A
Total		**$1,879,738,870**			

[1]Data collected from public bodies that have issued POBs subject to ORS 238.697

The following GIS maps highlight geographic dispersion and use of the OSBG program guaranty and Fund Diversion Agreements for POBs.

Exhibit VI.5

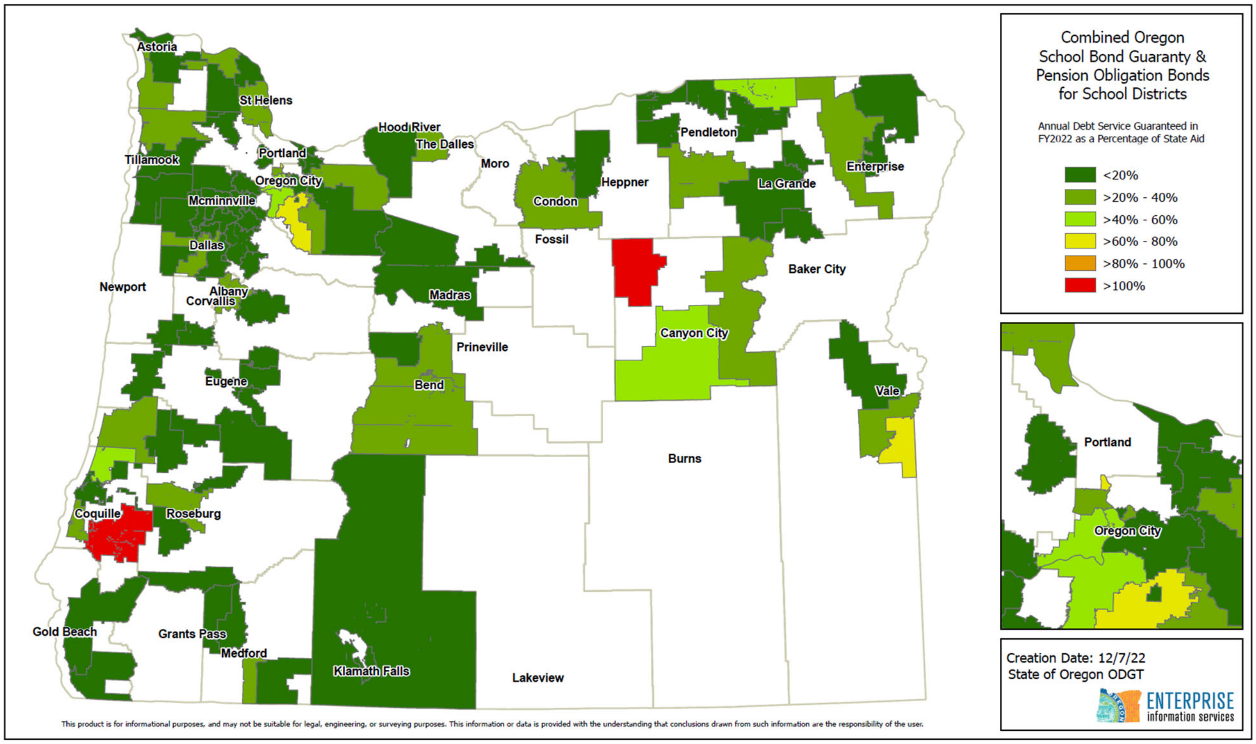
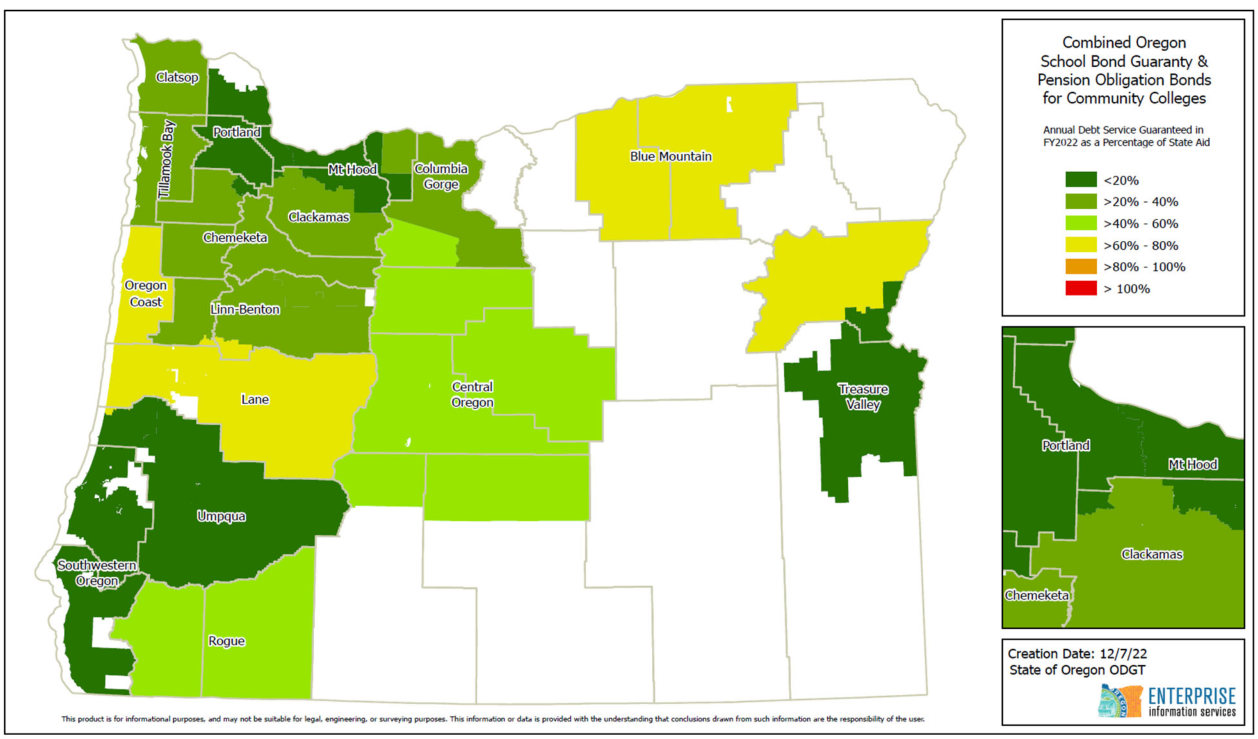


Exhibit VI.6



APPENDIX A:
Supporting Tables and Graphs

This Page Intentionally Blank

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 (43%)
- 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 (90%)
- 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 (57%)
- Alternate Energy Bonds – Article XI-J (60%)
- State General Purpose Bonds – Article XI-Q (10%)
- 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	$0	$77,160,000	$0
Dept. of Higher Education Facility Bonds (Article XI-G)	42,840,000	0	42,840,000	0
DEQ – Pollution Control Bonds (Article XI-H)	10,300,000	0	10,300,000	0
Seismic Rehab – Public Education Buildings (Article XI-M)	111,300,000	48,785,000	62,515,000	0
Seismic Rehab – Emergency Services Buildings (Article XI-N)	50,750,000	18,470,000	32,280,000	0
Dept. of Education – School Construction Bonds (Article XI-P)	126,090,000	0	126,090,000	0
State General Purpose Bonds (Article XI-Q)1	1,635,415,000	480,420,000	1,154,995,000	0
Lottery Revenue Bonds ORS 286.563-585	515,510,000	217,690,000	297,820,000	0
Highway User Tax Bonds ORS 376.620	880,000,000	0	454,035,000	425,965,000
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	**$3,449,365,000**	**$765,365,000**	**$2,257,995,000**	**$425,965,000**

1

Table A-3

General Fund-Supported Debt Service by year (as of 6-30-2022)

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 Hi-Ed. Facility (XI-G) (100%)	DEQ Pollution Control XI-H (43% 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) (90% GF Paid)	Total General Fund-Supported Debt Service
2023	$7,813,004	$2,049,600	$17,968,505	$61,549,405	$1,342,487	$5,519,163	$14,719,225	$30,072,847	$7,199,718	$84,654,971	$22,418,925	$260,307,633	$515,615,484
2024	7,353,358	2,048,800	17,984,072	61,301,487	1,351,778	5,678,441	7,328,750	30,060,574	7,208,406	88,252,385	22,426,425	247,091,758	498,086,234
2025	7,297,181	2,046,800	17,961,992	61,308,956	1,009,969	5,013,790	-	30,062,923	7,204,594	92,004,228	22,421,150	231,018,542	477,350,125
2026	7,297,669	2,049,125	17,971,187	60,665,306	1,010,377	5,027,417	-	30,058,401	7,212,568	95,914,458	22,419,250	226,096,231	475,721,989
2027	7,294,818	2,045,375	17,911,939	60,573,713	789,867	4,587,093	-	30,072,677	7,212,562	99,989,792	22,420,625	213,057,701	465,956,163
2028	7,296,095	2,049,375	17,915,066	58,979,456	791,779	4,486,522	-	30,069,576	7,214,127	-	22,417,625	201,734,552	352,954,174
2029	7,297,764	2,046,000	17,374,883	55,597,904	659,201	4,287,519	-	30,076,650	7,218,074	-	22,424,000	197,931,200	344,913,195
2030	7,298,212	2,050,125	16,987,397	53,438,718	668,991	3,432,797	-	30,076,671	7,202,423	-	22,427,750	188,641,758	332,218,842
2031	7,297,685	2,046,625	16,982,555	51,734,786	659,680	2,846,197	-	30,082,611	7,207,497	-	22,432,500	177,209,192	318,499,328
2032	7,295,468	2,045,500	16,972,129	50,212,666	662,167	1,897,557	-	30,087,140	7,206,968	-	22,436,250	166,529,212	305,345,056
2033	7,293,485	2,046,500	16,974,414	46,851,637	661,769	806,505	-	30,086,995	7,215,408	-	22,427,625	159,09,722	293,374,096
2034	7,293,930	2,049,375	16,980,461	46,872,916	3115,473	561,805	-	30,101,168	7,207,317	-	22,434,875	152,371,930	286,189,092
2035	7,293,551	2,049,000	13,658,516	44,444,198	315,707	-	-	30,091,305	5,917,894	-	22,440,375	145,189,357	272,688,327
2036	7,293,807	2,050,250	13,663,904	44,338,197	317,592	-	-	28,698,980	5,713,950	-	22,437,500	127,061,185	251,779,309
2037	7,294,011	2,048,000	11,503,586	41,080,617	316,828	-	-	25,230,175	3,740,650	-	22,448,750	113,423,952	229,059,869
2038	7,293,752	2,047,125	11,503,036	40,519,509	315,595	-	-	16,206,550	3,054,400	-	14,135,000	100,181,061	195,942,279
2039	7,297,620	2,047,375	9,633,138	39,034,829	148,291	-	-	14,484,400	2,455,250	-	14,144,750	95,686,334	185,531,137
2040	-	2,048,500	9,627,310	36,000,587		-	-	9,790,500	2,450,200	-	7,293,500	75,617,031	142,832,678
2041	-	2,050,250	2,835,400	32,512,909		-	-	6,691,100	1,485,750	-	7,302,750	70,062,808	123,905,416
2042	-	2,047,500	2,815,750	28,564,781		-	-	3,921,750		-	-	46,725,003	85,560,534
2043	-	2,050,000	2,840,525	19,573,250		-	-			-	-	19,175,423	43,639,198
2044	-	-	1,185,925	8,748,800		-	-			-	-	17,712,788	27,647,513
2045	-	-	1,194,175	8,743,300		-	-			-	-	6,826,545	16,764,020
2046	-	-	1,189,675	2,619,175		-	-			-	-	5,621,175	9,430,025
2047	-	-	1,193,400	2,621,400		-	-			-	-	2,981,475	6,796,275
Total	**$124,601,411**	**$43,011,200**	**$292,828,942**	**$1,017,888,503**	**$11,331,552**	**$44,144,806**	**$22,047,975**	**$496,022,995**	**$118,533,917**	**$460,815,833**	**$379,309,625**	**$3,247,263,565**	**$6,257,800,323**

Table A-4
General Fund-Supported Debt[1]
Debt Service by Year (as of June 30, 2022)

Fiscal Year	Principal	Interest	Debt Service
2022-2023	$324,507,400	$191,108,084	$515,615,484
2023-2024	320,404,300	177,681,934	498,086,234
2024-2025	313,145,300	164,204,825	477,350,125
2025-2026	325,082,400	150,639,589	475,721,989
2026-2027	329,533,500	136,422,663	465,956,163
2027-2028	231,222,300	121,731,874	352,954,174
2028-2029	232,182,850	112,730,345	344,913,195
2029-2030	228,676,350	103,542,492	332,218,842
2030-2031	224,086,900	94,412,428	318,499,328
2031-2032	220,126,900	85,218,156	305,345,056
2032-2033	217,496,250	75,877,810	293,374,060
2033-2034	219,716,150	66,472,942	286,189,092
2034-2035	215,781,400	56,906,927	272,688,327
2035-2036	204,251,800	47,527,509	251,779,309
2036-2037	190,224,550	38,835,319	229,059,869
2037-2038	164,947,800	30,994,479	195,942,279
2038-2039	161,364,200	24,166,937	185,531,137
2039-2040	125,368,500	17,464,178	142,832,678
2040-2041	111,633,000	12,272,416	123,905,416
2041-2042	78,166,000	7,394,534	85,560,534
2042-2043	39,644,000	3,995,198	43,639,198
2043-2044	25,227,500	2,420,013	27,647,513
2044-2045	15,567,000	1,197,020	16,764,020
2045-2046	8,812,500	617,525	9,430,025
2046-2047	6,579,500	216,775	6,796,275
Total:	**$4,533,748,350**	**$1,724,051,973**	**$6,257,800,323**

Note: May not sum due to rounding.
[1]Includes General Fund Supported GO Debt and Certificates of Participation

Table A-5
Net Tax-Supported Debt
Annual Debt Service Requirements (as of 6-30-22)

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)
2023	$7,813,004	$17,968,505	$61,549,405	$2,049,600	$14,719,225	$235,152,696	$22,418,925	$5,519,163
2024	7,353,358	17,984,072	61,301,487	2,048,800	7,328,750	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	-	-	-	-	-
	$124,601,411	**$292,828,942**	**$1,017,888,503**	**$43,011,200**	**$22,047,975**	**$1,280,043,982**	**$379,309,625**	**$44,144,806**

Note: May not sum due to rounding.

Table A-5 (Continued)
Net Tax-Supported Debt
Annual Debt Service Requirements (as of 6-30-22)

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
2023	$1,342,487	$196,887,206	$289,230,703	$30,072,847	$7,199,718	$145,601,239	$1,037,524,725
2024	1,351,778	196,928,548	274,546,398	30,060,574	7,208,406	147,619,377	1,026,981,927
2025	1,009,969	196,724,482	256,687,269	30,062,923	7,204,594	147,624,224	1,010,930,630
2026	1,010,377	196,031,523	251,218,034	30,058,401	7,212,568	147,621,617	1,015,011,525
2027	789,867	195,800,361	236,730,779	30,072,677	7,212,562	140,762,328	1,003,951,559
2028	791,779	197,815,959	224,149,502	30,069,576	7,214,127	122,409,698	695,594,782
2029	659,201	195,037,711	219,923,555	30,076,650	7,218,074	95,233,692	671,200,729
2030	662,991	194,782,699	209,601,953	30,076,671	7,202,423	85,661,979	643,195,428
2031	659,680	196,613,410	196,899,102	30,082,611	7,207,497	66,518,440	620,464,627
2032	662,167	195,817,073	185,032,457	30,087,140	7,206,968	64,735,729	586,183,815
2033	661,769	196,876,039	176,677,468	30,086,995	7,215,408	52,096,848	572,653,575
2034	315,473	195,046,955	169,302,145	30,101,168	7,207,160	48,879,250	550,263,109
2035	315,707	198,636,616	161,321,508	30,091,305	7,206,317	39,546,500	536,336,344
2036	317,592	99,397,047	141,179,094	28,698,980	5,917,894	39,547,000	404,840,766
2037	316,828	99,400,863	126,026,613	25,230,175	5,713,950	26,682,500	380,610,394
2038	315,595	99,397,656	111,312,290	16,206,550	3,740,650	26,682,500	333,153,663
2039	148,291	99,398,083	106,318,149	14,484,400	3,054,400	14,551,000	322,243,285
2040		99,400,375	84,018,923	9,790,500	2,455,250	14,547,500	265,185,945
2041		99,401,675	77,847,564	6,691,100	2,450,200	14,547,750	245,639,348
2042		44,675,875	51,1916,670	3,921,750	1,485,750		149,975,826
2043		44,628,200	21,306,025				90,398,000
2044		-	19,680,875				29,615,600
2045		-	7,585,050				17,522,525
2046		-	6,245,750				10,054,600
2047		-	3,312,750				7,127,550
	$11,331,552	**$3,238,698,355**	**$3,608,070,628**	**$496,022,995**	**$118,533,917**	**$1,550,126,387**	**$12,226,660,275**

Note: May not sum due to rounding.

Table A-6

Net Tax-Supported Debt
Debt Service by Year (as of June 30, 2022)

Fiscal Year	Principal	Interest	Total
2022-2023	$657,645,500	$379,879,225	$1,037,524,725
2023-2024	675,296,400	351,685,527	1,026,981,927
2024-2025	689,160,400	321,770,230	1,010,930,630
2025-2026	724,464,800	290,546,725	1,015,011,525
2026-2027	746,337,300	257,614,260	1,003,951,560
2027-2028	471,740,800	223,853,982	695,594,782
2028-2029	464,242,850	206,957,880	671,200,730
2029-2030	453,354,350	189,841,078	643,195,428
2030-2031	447,551,400	172,913,228	620,464,628
2031-2032	429,976,900	156,206,915	586,183,815
2032-2033	433,170,250	139,483,325	572,653,575
2033-2034	429,367,150	120,895,958	550,263,108
2034-2035	435,795,900	100,540,443	536,336,343
2035-2036	322,278,800	82,561,966	404,826,516
2036-2037	312,179,550	68,430,843	380,610,393
2037-2038	278,175,300	54,978,363	333,364,563
2038-2039	279,156,200,	43,087,085	322,243,285
2039-2040	234,185,000	31,000,945	265,185,945
2040-2041	225,085,000	20,554,348	245,639,348
2041-2042	138,470,000	11,505,826	149,975,826
2042-2043	85,155,000	5,243,000	90,398,000
2043-2044	27,040,000	2,575,600	29,615,600
2044-2045	16,255,000	1,267,525	17,522,525
2045-2046	9,395,000	659,600	10,054,600
2046-2047	6,895,000	232,550	7,127,550
Total:	**$8,992,373,850**	**$3,234,286,425**	**$12,226,660,275**

Note: May not sum due to rounding

Table A-7[1]

Annual Debt Service Requirements for Lottery Bonds Outstanding
(As of June 30, 2022)

Fiscal Year (ending June 30th)	$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)	$77,805,0002015 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	$117,995,0002015 Series C Advance Refunding - Refunding Various Series (2007C, 2008A, 2011A)	$164,230,0002015 Series D Advance Refunding - Refunding Various Series (2009A)	$22,710,000 2015 Series E Advance Refunding - Refunding Various Series (2010D
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	$3,194,250
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	3,190,750
2025		2,124,885	2,466,750	11,727,750	29,468,250	9,337,250		21,025,250	6,090,000	3,196,750
2026			2,475,250	10,892,500		9,334,250		23,860,750	34,350,000	3,196,500
2027			2,478,000	10,888,500		9,337,750		15,974,250	34,347,000	3,195,000
2028						9,336,750		3,937,500	34,348,500	3,197,000
2029						9,335,750			34,350,750	3,192,000
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	$7,906,500	$6,376,165	$12,364,500	$56,953,000	$88,400,000	$110,730,250	$10,631,506	$106,851,750	$155,686,250	$22,362,250

Note: May not sum due to rounding.

Includes annual fiscal year debt service requirements on all Lottery debt issued through June 30, 2022.

Table A-7[1] (Continued)

Annual Debt Service Requirements for Lottery Bonds Outstanding
(As of June 30, 2022)

Fiscal Year (ending June 30th)	$17,195,000 2015 Series F Advance Refunding - Refunding Various Series(2010A)	$93,000,000 2017 Series A Various Projects Tax-Exempt	$73,740,00 2017 Series B Various Projects -- Taxable	$63,675,0002017 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)	$94,040,000 2022 Series A New Funding Various Projects Tax-Exempt	$123,650,000 2022 Series B Various Projects Taxable	Total Outstanding Debt Service Requirements
2023	$2,969,750	$4,650,000	$8,213,770	$4,074,750	$5,019,750	$7,113,206	$909,500	$3,558,793	$4,270,983	$11,480,411	$145,601,239
2024	2,974,250	4,650,000	8,214,091	4,075,000	5,019,750	7,109,678	$1,964,500	$10,418,366	4,702,000	13,062,530,	147,619,377
2025	2,968,250	4,650,000	8,213,805	4,072,500	5,019,750	7,114,494	$1,956,250	$10,427,216	4,702,000	13,063,073	147,624,224
2026	2,972,000	4,650,000	8,213,158	4,237,250	5,019,750	7,113,310	$2,520,250	$11,019,318	4,702,000	13,065,330	147,621,617
2027	2,974,750	4,650,000	8,216,382	4,065,750	5,019,750	7,111,292	$2,107,750	$12,629,859	4,702,000	13,064,294	140,762,328
2028	2,971,250	6,220,000	6,645,822	11,544,250	5,019,750	7,110,330	$1,681,000	$12,635,049	4,702,000	13,060,497	122,409,698
2029	2,971,500	12,861,500		3,690,500	11,734,750	396,769	$326,500	$12,631,093	4,702,000	13,064,356	109,257,468
2030		12,862,000		26,817,250	12,134,000		$3,686,500	$12,637,530	4,702,000	13,060,411	95,233,691
2031		12,861,750		17,599,000	12,131,500		$3,328,500	$12,639,750	4,702,000	13,063,729	85,661,979
2032		12,864,750		1,785,000	12,130,500			$12,640,412	4,702,000	13,060,777	66,518,440
2033		12,864,750			12,130,000			$12,638,718	4,702,000	13,064,261	64,735,729
2034		12,865,750			12,134,000				4,702,000	13,060,347	52,096,847
2035		12,861,500			12,131,250				14,552,000		48,879,250
2036		12,866,000			12,131,000				14,549,500		39,546,500
2037		12,862,500			12,132,000				14,549,500		39,547,000
2038					12,133,000				14,551,000		26,682,500
2039					12,132,750				14,547,500		26,682,250
2040									25,547,750		14,551,000
2041											14,547,500
2042											14,547,750
Total	$20,801,750	$145,240,500	$47,717,029	$81,961,250	$163,173,250	$43,069,080	$18,480,750	$123,876,107	$172,392,233	$155,172,016	$1,550,126,387

Includes annual fiscal year debt service requirements on all Lottery debt issued through June 30, 2022.

Table A-8

Lottery Revenue Debt
Total Principal and Interest Debt Service by Year (as of June 30, 2022)

Fiscal Year	Principal	Interest	Total
2023	$95,695,000	$49,906,239	$145,601,239
2024	100,915,000	46,704,377	147,619,377
2025	104,895,000	42,729,224	147,624,224
2026	109,245000	38,376,617	147,621,617
2027	107,015,000	33,747,328	140,762,328
2028	93,165,000	29,244,698	122,409,698
2029	83,890,000	25,367,468	109,257,468
2030	73,550,000	21,683,692	95,233,691
2031	67,170,000	18,491,979	85,661,979
2032	50,910,000	15,608,440	66,518,440
2033	51,200,000	13,535,729	64,735,729
2034	40,660,000	11,436,548	52,096,847
2035	39,355,000	9,524,250	48,879,250
2036	31,990,000	7,556,500	39,546,500
2037	33,590,000	5,957,000	39,547,000
2038	22,405,000	4,277,500	26,682,500
2039	23,525,000	3,157,250	26,682,250
2040	12,570,000	1,981,000	14,551,000
2041	13,195,000	1,352,500	14,547,500
2042	13,855,000	692,750	14,547,750
Total:	**$1,168,795,000**	**$361,331,387**	**$1,550,126,387**

Table A-9

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Tillamook Cty SD 101 (Nestucca Valley)	$253,655.70	$2,148,650.00	$2,402,305.70	$66,981.41	378.70%	3586.53%
School	Tillamook cty SD 56 (Neah-Kah-Nie)	-	1,400,065.00	1,400,065.00	92,591.95	0.00%	1512.08%
School	Clatsop cty SD 10 (Seaside)	959,134.70	5,168,316.80	6,127,451.50	929,437.19	103.20%	659.26%
School	Deschutes cty SD 6 (Sisters)	1,025,144.40	3,006,623.33	4,031,767.73	2,983,368.66	34.36%	135.14%
School	Multnomah cty SD 1J (Portland)	57,698,322.20	142,746,252.60	200,444,574.80	246,538,707.70	23.40%	81.30%
Community College	Oregon Coast Community College	225,218.50	2,046,275.00	2,271,493.50	2,838,797.38	7.93%	80.02%
Community College	Blue Mountain Community College	1,040,077.66	2,000,706.26	3,040,783.92	4,575,970.24	22.73%	66.45%
School	Jackson cty SD 5 (Ashland)	-	7,327,400.00	7,327,400.00	11,623,740.31	0.00%	63.04%
Community College	Lane Community College	5,949,250.00	11,160,350.00	17,109,600.00	28,667,508.04	20.75%	59.68%
School	Lincoln Cty Unified SD	5,566,885.00	6,716,300.00	12,283,185.00	23,368,647.72	23.82%	52.56%
Community College	Central Oregon Community College	1,346,542.00	3,511,224.44	4,857,766.44	9,536,455.15	14.12%	50.94%
School	Clatsop cty SD 1 (Astoria)	2,034,211.60	3,775,500.00	5,809,711.60	12,313,146.61	16.52%	47.18%
School	Multnomah cty SD 3 (Parkrose)	1,594,070.00	3,714,077.40	5,308,147.40	11,530,007.45	13.83%	46.04%
School	Washington cty SD 88J (Sherwood)	1,425,117.80	14,832,675.00	16,257,792.80	35,464,392.01	4.02%	45.84%
School	Deschutes Cty SD 1 (Bend-Lapine)	8,186,264.10	35,472,377.46	43,658,641.56	98,483,903.16	8.31%	44.33%
School	Tillamook cty SD 9 (Tillamook)	1,946,538.20	1,349,250.00	3,295,788.20	7,782,212.07	25.01%	42.35%
Community College	Chemeketa Community College	4,248,392.76	11,309,284.39	15,557,677.15	37,462,574.99	11.34%	41.53%
School	Clackamas cty SD 12 (North Clackamas)	13,034,734.80	37,173,798.36	50,208,533.16	121,432,571.51	10.73%	41.35%
School	Clackamas cty SD 115 (Gladstone)	1,940,970.50	4,385,500.00	6,326,470.50	15,397,589.39	12.61%	41.09%
School	Benton cty SD 509J (Corvallis)	2,746,833.00	14,311,541.18	17,058,374.18	41,588,578.79	6.60%	41.02%
Community College	Clatsop Community College	730,221.06	955,707.50	1,685,928.56	4,191,125.44	17.42%	40.23%
School	Morrow Cty SD 2 (Ione)	-	758,153.61	758,153.61	1,913,463.69	0.00%	39.62%
School	Deschutes cty SD 2J (Redmond)	$3,315,003.46	$13,931,547.82	$17,246,551.28	$49,038,956.64	6.76%	35.17%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
Community College	Clackamas Community College	$3,009,105.46	$3,845,100.00	$6,854,205.46	$19,779,256.91	15.21%	34.65%
School	Clackamas cty SD 86 (Canby)	4,114,020.00	7,418,618.50	11,532,638.50	33,412,045.60	12.31%	34.52%
School	Washington cty SD 1J (Hillsboro)	10,309,115.70	38,822,500.50	49,131,616.20	145,355,642.80	7.09%	33.80%
School	Yamhill cty SD 29J (Newberg)	4,062,565.40	6,441,605.56	10,504,170.96	31,972,288.06	12.71%	32.85%
Community College	Columbia Gorge Community College (Treaty-Oak AED)	206,617.36	1,661,150.00	1,867,767.36	5,804,678.94	3.56%	32.18%
Community College	Tillamook Bay Community College	169,517.76	763,324.75	932,842.51	2,914,404.07	5.82%	32.01%
School	Clatsop cty SD 30 (Warrenton-Hammond)	345,893.86	1,916,987.50	2,262,881.36	7,245,170.81	4.77%	31.23%
School	Lane cty SD 28J (Fern Ridge)	740,183.00	2,879,653.94	3,619,836.94	11,611,627.64	6.37%	31.17%
Community College	Rogue Community College	1,972,787.60	1,462,650.00	3,435,437.60	11,110,504.29	17.76%	30.92%
School	Douglas cty SD 12 (Glide)	352,059.00	932,400.00	1,284,459.00	4,233,404.63	8.32%	30.34%
School	Lane cty SD 4J (Eugene)	5,480,104.00	26,229,497.50	31,709,601.50	107,055,204.83	5.12%	29.62%
School	Umatilla Cty SD 16R (Pendleton)	2,936,466.00	5,344,338.00	8,280,804.00	27,983,830.36	10.49%	29.59%
School	Yamhill cty SD 8 (Dayton)	849,570.50	1,445,000.00	2,294,570.50	7,831,225.72	10.85%	29.30%
School	Jackson cty SD 4 (Phoenix-Talent)	1,593,443.86	3,426,450.00	5,019,893.86	17,150,100.44	9.29%	29.27%
School	Washington cty SD 48J (Beaverton)	17,438,826.16	69,132,822.12	86,571,648.28	296,665,932.30	5.88%	29.18%
School	Clackamas Cty SD 3J (W.Linn-Wilsonville)	4,522,806.24	13,224,301.10	17,747,107.34	61,058,174.81	7.41%	29.07%
School	Yamhill Cty SD 1 (Yamhill-Carlton)	1,091,372.00	941,250.00	2,032,622.00	7,079,929.50	15.42%	28.71%
School	Multnomah cty SD 10J (Gresham-Barlow)	6,978,142.00	20,444,475.00	27,422,617.00	100,752,283.36	6.93%	27.22%
School	Multnomah cty SD 51J (Riverdale)	499,452.60	423,537.42	922,990.02	3,487,512.31	14.32%	26.47%
School	Washington cty SD 511J (Gaston)	471,952.00	554,450.00	1,026,402.00	3,882,029.25	12.16%	26.44%
School	Union cty SD 1 (La Grande)	1,084,733.30	3,561,145.50	4,645,878.80	17,780,668.22	6.10%	26.13%
School	Columbia cty SD 502 (St Helens)	2,875,810.60	2,704,400.00	5,580,210.60	21,554,580.76	13.34%	25.89%
School	Washington cty SD 23J (Tigard-Tualatin)	4,082,463.00	15,400,598.50	19,483,061.50	75,571,591.00	5.40%	25.78%
School	Linn Cty SD 8J (Greater Albany)	4,706,102.00	14,393,950.00	19,100,052.00	75,301,188.09	6.25%	25.36%
School	Columbia cty SD 47J (Vernonia)	$-	$1,041,205.15	$1,041,205.15	$4,166,609.52	0.00%	24.99%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
Community College	Linn-Benton Community College	$2,997,713.50	$3,163,100.00	$6,160,813.50	$24,862,703.06	12.06%	24.78%
School	Polk cty SD 13J (Central)	2,343,548.40	5,119,892.00	7,463,440.40	30,214,002.43	7.76%	24.70%
School	Yamhill cty SD 40 (McMinnville)	3,288,364.46	11,069,288.00	14,357,652.46	58,582,800.76	5.61%	24.51%
School	Lane cty SD 69 (Junction City)	1,022,048.00	1,923,500.00	2,945,548.00	12,834,994.20	7.96%	22.95%
School	Washington cty SD 13 (Banks)	349,305.94	1,318,400.00	1,667,705.94	7,332,423.73	4.76%	22.74%
School	Clackamas cty SD 62 (Oregon City)	4,714,416.06	7,712,994.00	12,427,410.06	55,600,524.19	8.48%	22.35%
School	Hood River Cty SD (Hood River)	2,768,144.70	4,693,900.00	7,462,044.70	33,442,790.52	8.28%	22.31%
School	Marion cty SD 29J (North Santiam)	1,818,100.00	1,676,787.50	3,494,887.50	15,715,273.72	11.57%	22.24%
School	Clackamas Cty SD 46 (Oregon Trail)	-	6,919,750.00	6,919,750.00	31,534,409.86	0.00%	21.94%
School	Crook Cty School District	2,710,542.20	2,326,101.40	5,036,643.60	23,685,374.81	11.44%	21.26%
School	Umatilla cty SD 61 (Stanfield)	410,687.80	772,800.00	1,183,487.80	5,624,410.83	7.30%	21.04%
School	Marion cty SD 15 (North Marion)	1,381,174.00	2,019,450.00	3,400,624.00	16,500,712.04	8.37%	20.61%
School	Marion Cty SD 24J (Salem Keizer)	22,498,657.90	58,356,475.80	80,855,133.70	393,730,199.46	5.71%	20.54%
School	Umatilla cty SD 8 (Hermiston)	2,393,503.46	8,385,357.40	10,778,860.86	52,866,134.17	4.53%	20.39%
School	Douglas cty SD 116 (Winston-Dillard)	1,436,082.00	1,007,200.00	2,443,282.00	12,045,894.34	11.92%	20.28%
School	Marion cty SD 14J (Jefferson)	800,430.20	724,287.50	1,524,717.70	7,518,587.73	10.65%	20.28%
School	Lane cty SD 40 (Creswell)	438,795.20	1,484,052.50	1,922,847.70	9,490,029.64	4.62%	20.26%
School	Umatilla cty SD 1 (Helix)	-	473,337.50	473,337.50	2,344,195.52	0.00%	20.19%
School	Columbia cty SD 1J (Scappoose)	-	2,874,750.00	2,874,750.00	14,336,570.40	0.00%	20.05%
School	Multnomah cty SD 7 (Reynolds)	9,345,489.60	10,829,577.98	20,175,067.58	101,812,509.99	9.18%	19.82%
School	Curry cty SD 1 (Central Curry)	-	402,150.00	402,150.00	2,038,323.34	0.00%	19.73%
School	Lane cty SD 1 (Pleasant Hill)	-	1,442,956.26	1,442,956.26	7,319,925.52	0.00%	19.71%
School	Jefferson Cty SD 509J (Madras)	1,413,507.00	4,214,550.12	5,628,057.12	29,068,229.55	4.86%	19.36%
School	Marion cty SD 4J (Silver Falls)	1,860,123.64	4,179,695.00	6,039,818.64	31,830,163.52	5.84%	18.98%
School	Umatilla cty SD 2 (Pilot Rock)	261,144.00	425,149.82	686,293.82	3,650,550.91	7.15%	18.80%
School	Yamhill cty SD 4J (Amity)	762,215.40	671,748.00	1,433,963.40	7,637,384.61	9.98%	18.78%
School	Marion cty SD 45 (St Paul)	-	578,200.00	578,200.00	3,112,494.08	0.00%	18.58%
School	Lane cty SD 52 (Bethel)	-	7,830,571.73	7,830,571.73	43,154,476.08	0.00%	18.15%
School	Coos cty SD 9 (Coos Bay)	1,308,935.00	3,438,087.50	4,747,022.50	26,255,621.56	4.99%	18.08%
School	Linn cty SD 55 (Sweet Home)	1,984,569.20	1,709,000.00	3,693,569.20	20,530,449.95	9.67%	17.99%
School	Lane cty SD 97J (Siuslaw)	$1,075,607.20	$-	$1,075,607.20	$6,185,215.55	17.39%	17.39%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
Community College	Southwestern Oregon Community College	$1,398,001.00	$-	$1,398,001.00	$8,114,328.38	17.23%	17.23%
School	Lane cty SD 45J3 (South Lane)	1,262,534.80	3,039,137.50	4,301,672.30	25,683,281.15	4.92%	16.75%
Community College	Mt Hood Community College	5,808,690.50	-	5,808,690.50	35,058,930.01	16.57%	16.57%
School	Harney Cty SD 3 (Burns)	1,188,883.00	-	1,188,883.00	7,178,356.98	16.56%	16.56%
School	Lane cty SD 19 (Springfield)	5,908,481.00	8,077,416.46	13,985,897.46	84,935,417.34	6.96%	16.47%
Community College	Portland Community College	11,053,364.00	7,909,931.40	18,963,295.40	117,497,864.34	9.41%	16.14%
School	Klamath Cty SD 1 (Klamath Falls)	-	3,884,642.56	3,884,642.56	24,281,921.60	0.00%	16.00%
School	Umatilla Cty SD 5R (Echo)	195,717.20	371,525.00	567,242.20	3,640,693.25	5.38%	15.58%
School	Marion cty SD 5 (Cascade)	1,772,334.40	1,682,675.00	3,455,009.40	22,349,971.35	7.93%	15.46%
School	Douglas cty SD 105 (Reedsport)	329,031.00	646,814.20	975,845.20	6,387,199.49	5.15%	15.28%
School	Benton cty SD 1J (Monroe)	194,757.00	386,825.00	581,582.00	3,858,895.15	5.05%	15.07%
School	Jackson cty SD 549C (Medford)	4,379,704.00	12,784,075.00	17,163,779.00	117,090,831.77	3.74%	14.66%
School	Umatilla Cty USD 7 (Milton-Freewater)	1,521,918.40	819,800.00	2,341,718.40	16,594,753.08	9.17%	14.11%
School	Clackamas cty SD 108 (Estacada)	1,270,964.06	2,495,000.00	3,765,964.06	26,746,802.16	4.75%	14.08%
School	Clackamas cty SD 7J (Lake Oswego)	4,586,171.90	-	4,586,171.90	34,552,182.12	13.27%	13.27%
School	Marion cty SD 91 (Mt Angel)	-	908,012.50	908,012.50	6,891,611.38	0.00%	13.18%
School	Wasco cty SD 29 (Dufur)	-	467,950.00	467,950.00	3,655,604.18	0.00%	12.80%
School	Gilliam cty SD 25J (Condon)	-	250,800.00	250,800.00	1,970,515.95	0.00%	12.73%
School	Clackamas cty SD 35 (Molalla River)	2,407,425.60	-	2,407,425.60	18,931,739.96	12.72%	12.72%
School	Benton cty SD 17J (Philomath)	643,638.00	1,094,400.00	1,738,038.00	13,671,290.69	4.71%	12.71%
School	Marion cty SD 103 (Woodburn)	-	7,452,222.20	7,452,222.20	59,488,336.44	0.00%	12.53%
School	Union cty SD 11 (Imbler)	-	458,000.00	458,000.00	3,723,986.11	0.00%	12.30%
School	Yamhill cty SD 48J (Sheridan)	-	1,047,462.50	1,047,462.50	8,668,813.49	0.00%	12.08%
School	Curry Cty SD 17 (Brookings-Harbor)	1,179,809.56	-	1,179,809.56	9,780,569.07	12.06%	12.06%
School	Columbia cty SD 6J (Clatskanie)	-	691,666.67	691,666.67	5,754,935.64	0.00%	12.02%
School	Jefferson cty SD 4 (Culver)	-	813,200.00	813,200.00	6,802,912.73	0.00%	11.95%
School	Polk cty SD 2 (Dallas)	-	3,133,900.00	3,133,900.00	26,543,890.94	0.00%	11.81%
School	Linn cty SD 9 (Lebanon Community)	-	3,942,197.40	3,942,197.40	33,437,886.03	0.00%	11.79%
School	Douglas cty SD 19 (South Umpqua)	$1,506,107.80	$-	$1,506,107.80	$12,844,111.30	11.73%	11.73%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Washington cty SD 15 (Forest Grove)	$2,862,828.06	$3,444,250.00	$6,307,078.06	$54,487,864.00	5.25%	11.58%
School	Wallowa cty SD 12 (Wallowa)	-	294,189.24	294,189.24	2,608,983.71	0.00%	11.28%
School	Linn cty SD 7J (Harrisburg)	-	753,400.00	753,400.00	6,691,426.01	0.00%	11.26%
School	Union cty SD 5 (Union)	187,818.00	203,200.00	391,018.00	3,617,190.95	5.19%	10.81%
School	Columbia cty SD 13 (Rainier)	690,115.96	-	690,115.96	6,414,920.71	10.76%	10.76%
School	Douglas cty SD 130 (Sutherlin)	1,232,300.40	-	1,232,300.40	11,713,411.07	10.52%	10.52%
School	Coos cty SD 54 (Bandon)	-	377,311.11	377,311.11	3,641,253.25	0.00%	10.36%
School	Wasco Cty SD 1 (South)	-	240,324.31	240,324.31	2,374,918.81	0.00%	10.12%
School	Lane cty SD 66 (Crow-Applegate-Lorane)	-	256,900.00	256,900.00	2,597,492.41	0.00%	9.89%
School	Lane cty SD 32 (Mapleton)	-	192,725.00	192,725.00	2,026,774.32	0.00%	9.51%
School	Multnomah cty SD 40 (David Douglas)	3,652,318.84	4,833,037.50	8,485,356.34	93,023,031.48	3.93%	9.12%
Community College	Umpqua Community College	1,220,193.00	-	1,220,193.00	14,078,562.34	8.67%	8.67%
School	Douglas Cty SD 4 (Roseburg)	3,897,223.74	-	3,897,223.74	45,344,719.27	8.59%	8.59%
School	Marion cty SD 1 (Gervais)	1,112,035.50	-	1,112,035.50	13,119,209.33	8.48%	8.48%
School	Jackson cty SD 6 (Central Point)	-	3,343,950.00	3,343,950.00	39,725,919.39	0.00%	8.42%
School	Umatilla Cty SD 6 (Umatilla)	441,390.00	607,700.00	1,049,090.00	12,552,916.61	3.52%	8.36%
School	Josephine Cty SD (Three Rivers)	2,854,790.30	-	2,854,790.30	35,455,551.63	8.05%	8.05%
School	Wallowa cty SD 21 (Enterprise)	-	337,858.53	337,858.53	4,199,629.06	0.00%	8.04%
School	Malheur cty SD 8C (Ontario)	1,076,708.00	1,033,040.00	2,109,748.00	26,624,769.66	4.04%	7.92%
School	Umatilla Cty SD 29J (Athena-Weston)	-	477,712.50	477,712.50	6,194,984.39	0.00%	7.71%
Community College	Treasure Valley Community College	643,471.46	-	643,471.46	8,436,325.63	7.63%	7.63%
School	Polk cty SD 57 (Falls City)	201,851.00	-	201,851.00	2,745,316.38	7.35%	7.35%
School	Lake cty SD 14 (North Lake)	-	238,400.00	238,400.00	3,326,425.02	0.00%	7.17%
School	Jackson cty SD 35 (Rogue River)	-	623,793.27	623,793.27	8,736,122.66	0.00%	7.14%
School	Wasco Cty SD 21 (The Dalles) Bonds	1,752,230.00	-	1,752,230.00	25,386,992.43	6.90%	6.90%
School	Yamhill cty SD 30J (Willamina)	275,152.84	265,000.00	540,152.84	7,831,353.55	3.51%	6.90%
School	Grant cty SD 3 (John Day)	410,597.00	-	410,597.00	6,079,450.27	6.75%	6.75%
School	Coos cty SD 13 (North Bend)	1,108,374.06	1,287,952.00	2,396,326.06	37,807,114.51	2.93%	6.34%
School	Multnomah cty SD 28J (Centennial)	$-	$3,515,350.00	$3,515,350.00	$55,586,294.11	0.00%	6.32%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Lane cty SD 76 (Oakridge)	$-	$341,400.00	$341,400.00	$5,590,916.53	0.00%	6.11%
School	Grant cty SD 8 (Monument)	72,502.50	-	72,502.50	1,245,847.38	5.82%	5.82%
School	Malheur Cty SD 84 (Vale) (UHD 3)	-	526,612.50	526,612.50	9,435,329.00	0.00%	5.58%
School	Douglas cty SD 34 (Elkton)	-	183,900.00	183,900.00	3,381,500.25	0.00%	5.44%
School	Klamath Cty SD	-	3,454,509.50	3,454,509.50	68,426,875.17	0.00%	5.05%
School	Union cty SD 8J (North Powder)	-	189,450.00	189,450.00	3,778,719.58	0.00%	5.01%
School	Lane Cty SD 79 (Marcola)	-	405,556.26	405,556.26	8,630,192.06	0.00%	4.70%
School	Linn cty SD 129J (Santiam Canyon)	475,713.60	988,650.00	1,464,363.60	32,757,274.61	1.45%	4.47%
School	Morrow Cty SD 1	838,392.00	-	838,392.00	19,288,264.49	4.35%	4.35%
School	Polk cty SD 21 (Perrydale)	-	161,298.61	161,298.61	3,839,858.82	0.00%	4.20%
School	Clackamas cty SD 53 (Colton)	-	174,525.50	174,525.50	4,221,042.47	0.00%	4.13%
School	Malheur cty SD 61 (Adrian)	-	164,446.50	164,446.50	4,057,007.25	0.00%	4.05%
School	Grant cty SD 16J (Dayville)	-	50,319.50	50,319.50	1,273,531.14	0.00%	3.95%
School	Baker cty SD 5J (Baker)	920,235.00	765,300.00	1,685,535.00	44,879,842.78	2.05%	3.76%
School	Multnomah cty SD 39 (Corbett)	-	370,400.00	370,400.00	9,923,298.07	0.00%	3.73%
School	Coos cty SD 41 (Myrtle Point)	-	158,009.25	158,009.25	4,299,513.74	0.00%	3.68%
School	Douglas cty SD 77 (Glendale)	-	99,300.00	99,300.00	3,228,760.30	0.00%	3.08%
School	Malheur cty SD 26 (Nyssa)	-	424,800.00	424,800.00	13,898,223.09	0.00%	3.06%
School	Lane cty SD 71 (Lowell)	-	278,200.00	278,200.00	12,313,901.55	0.00%	2.26%
School	Douglas cty SD 22 (North Douglas)	-	73,000.00	73,000.00	3,694,382.23	0.00%	1.98%
School	Benton cty SD 7J (Alsea)	-	83,850.00	83,850.00	10,620,944.18	0.00%	0.79%
Community College	Rogue Community College (Jackson Cty Bond)	-	2,234,800.00	2,234,800.00	347,907,467.70	0.00%	0.64%
School	Grant cty SD 4 (Prairie City)	68,753.50	-	68,753.50	14,027,265.28	0.49%	0.49%
School	Baker cty SD 16J (Huntington)	-	-	-	1,336,216.01	0.00%	0.00%
School	Baker cty SD 30J (Burnt River)	-	-	-	832,003.72	0.00%	0.00%
School	Baker cty SD 61 (Pine Eagle)	-	-	-	2,433,381.58	0.00%	0.00%
School	Clatsop cty SD 4 (Knappa)	-	-	-	4,479,585.31	0.00%	0.00%
School	Clatsop cty SD 8 (Jewell)	-	-	-	19,700.41	0.00%	0.00%
School	Coos cty SD 8 (Coquille)	-	-	-	13,160,011.39	0.00%	0.00%
School	Coos cty SD 31 (Powers)	-	-	-	2,081,719.67	0.00%	0.00%
School	Curry cty SD 2CJ (Port Orford-Langlois)	$-	$-	$-	$1,731,502.66	0.00%	0.00%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Douglas cty SD 1 (Oakland)	$-	$-	$-	$5,775,175.63	0.00%	0.00%
School	Douglas cty SD 15 (Douglas County)	-	-	-	3,197,607.53	0.00%	0.00%
School	Douglas cty SD 21J (Camas Valley)	-	-	-	3,425,813.43	0.00%	0.00%
School	Douglas cty SD 32 (Yoncalla)	-	-	-	3,135,460.82	0.00%	0.00%
School	Douglas cty SD 70 (Riddle)	-	-	-	3,600,765.10	0.00%	0.00%
School	Gilliam cty SD 3 (Arlington)	-	-	-	768,283.75	0.00%	0.00%
School	Grant cty SD 17 (Long Creek)	-	-	-	996,940.81	0.00%	0.00%
School	Harney cty SD 4 (Harney County)	-	-	-	11,095,521.68	0.00%	0.00%
School	Harney cty SD 5 (Pine Creek)	-	-	-	263,004.42	0.00%	0.00%
School	Harney cty SD 7 (Diamond)	-	-	-	285,298.76	0.00%	0.00%
School	Harney cty SD 10 (Suntex)	-	-	-	240,520.71	0.00%	0.00%
School	Harney cty SD 13 (Drewsey)	-	-	-	399,188.37	0.00%	0.00%
School	Harney cty SD 16 (Frenchglen)	-	-	-	362,444.53	0.00%	0.00%
School	Harney cty SD 28 (Double O)	-	-	-	250,157.31	0.00%	0.00%
School	Harney cty SD 33 (South Harney)	-	-	-	411,363.73	0.00%	0.00%
School	Harney cty SD 1J (Harney County Union High)	-	-	-	10,814,067.80	0.00%	0.00%
School	Jackson cty SD 9 (Eagle Point)	-	-	-	35,917,078.21	0.00%	0.00%
School	Jackson cty SD 59 (Prospect)	-	-	-	3,101,158.21	0.00%	0.00%
School	Jackson cty SD 91 (Butte Falls)	-	-	-	2,840,344.17	0.00%	0.00%
School	Jackson cty SD 94 (Pinehurst)	-	-	-	329,354.19	0.00%	0.00%
School	Jefferson cty SD 8 (Ashwood)	-	-	-	399,583.52	0.00%	0.00%
School	Jefferson cty SD 41 (Black Butte)	-	-	-	159,153.93	0.00%	0.00%
School	Josephine cty SD 7 (Grants Pass)	-	-	-	47,099,424.64	0.00%	0.00%
School	Lake cty SD 7 (Lake County)	-	-	-	6,552,602.92	0.00%	0.00%
School	Lake cty SD 11 (Paisley)	-	-	-	2,899,224.25	0.00%	0.00%
School	Lake cty SD 18 (Plush)	-	-	-	401,653.89	0.00%	0.00%
School	Lake cty SD 21 (Adel)	-	-	-	222,227.00	0.00%	0.00%
School	Lane cty SD 68 (McKenzie)	-	-	-	1,449,892.98	0.00%	0.00%
School	Lane cty SD 90 (Blachly)	-	-	-	4,675,083.12	0.00%	0.00%
School	Linn cty SD 95 (Scio)	-	-	-	20,829,456.11	0.00%	0.00%
School	Linn cty SD 552 (Central Linn)	$-	$-	$	$3,916,975.24	0.00%	0.00%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***Net State Aid does not include State Managed Timber Revenues or Property Taxes**
Highlighted rows indicate % of Total Debt Service / *Net State Aid > 80%

District Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Malheur cty SD 3 (Jordan Valley)	$-	$-	$-	$1,593,680.01	0.00%	0.00%
School	Malheur cty SD 12 (Juntura)	-	-	-	217,106.13	0.00%	0.00%
School	Malheur cty SD 29 (Annex)	-	-	-	1,615,577.27	0.00%	0.00%
School	Malheur cty SD 51 (Malheur County)	-	-	-	131.34	0.00%	0.00%
School	Malheur cty SD 66 (Harper)	-	-	-	3,698,311.13	0.00%	0.00%
School	Malheur cty SD 81 (Arock)	-	-	-	400,721.66	0.00%	0.00%
School	Sherman cty SD (Sherman County)	-	-	-	2,876,690.50	0.00%	0.00%
School	Umatilla cty SD 80R (Ukiah)	-	-	-	959,878.28	0.00%	0.00%
School	Union cty SD 15 (Cove)	-	-	-	3,976,475.57	0.00%	0.00%
School	Union cty SD 23 (Elgin)	-	-	-	4,519,136.15	0.00%	0.00%
School	Wallowa cty SD 6 (Joseph)	-	-	-	3,602,194.30	0.00%	0.00%
School	Wallowa cty SD 54 (Troy)	-	-	-	244,225.12	0.00%	0.00%
School	Wheeler cty SD 1 (Spray)	-	-	-	1,524,983.66	0.00%	0.00%
School	Wheeler cty SD 21J (Fossil)	-	-	-	17,572,853.67	0.00%	0.00%
School	Wheeler cty SD 55 (Mitchell)	-	-	-	13,914,796.97	0.00%	0.00%
Community College	Klamath Community College	$-	$-	-$	$12,977,478.49	0.00%	0.00%

Table A-10

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Baker cty SD 16J (Huntington)	$-	$-	$-	$1,336,216.01	0.00%	0.00%
School	Baker cty SD 30J (Burnt River)	-	-	-	832,003.72	0.00%	0.00%
School	Baker cty SD 5J (Baker)	920,235.00	765,300.00	1,685,535.00	44,879,842.78	2.05%	3.76%
School	Baker cty SD 61 (Pine Eagle)	-	-	-	2,433,381.58	0.00%	0.00%
School	Benton cty SD 17J (Philomath)	643,638.00	1,094,400.00	1,738,038.00	13,671,290.69	4.71%	12.71%
School	Benton cty SD 1J (Monroe)	194,757.00	386,825.00	581,582.00	3,858,895.15	5.05%	15.07%
School	Benton cty SD 509J (Corvallis)	2,746,833.00	14,311,541.18	17,058,374.18	41,588,578.79	6.60%	41.02%
School	Benton cty SD 7J (Alsea)	-	83,850.00	83,850.00	10,620,944.18	0.00%	0.79%
School	Clackamas cty SD 108 (Estacada)	1,270,964.06	2,495,000.00	3,765,964.06	26,746,802.16	4.75%	14.08%
School	Clackamas cty SD 115 (Gladstone)	1,940,970.50	4,385,500.00	6,326,470.50	15,397,589.39	12.61%	41.09%
School	Clackamas cty SD 12 (North Clackamas)	13,034,734.80	37,173,798.36	50,208,533.16	121,432,571.51	10.73%	41.35%
School	Clackamas cty SD 35 (Molalla River)	2,407,425.60	-	2,407,425.60	18,931,739.96	12.72%	12.72%
School	Clackamas Cty SD 3J (W.Linn-Wilsonville)	4,522,806.24	13,224,301.10	17,747,107.34	61,058,174.81	7.41%	29.07%
School	Clackamas Cty SD 46 (Oregon Trail)	-	6,919,750.00	6,919,750.00	31,534,409.86	0.00%	21.94%
School	Clackamas cty SD 53 (Colton)	-	174,525.50	174,525.50	4,221,042.47	0.00%	4.13%
School	Clackamas cty SD 62 (Oregon City)	4,714,416.06	7,712,994.00	12,427,410.06	55,600,524.19	8.48%	22.35%
School	Clackamas cty SD 7J (Lake Oswego)	4,586,171.90	-	4,586,171.90	34,552,182.12	13.27%	13.27%
School	Clackamas cty SD 86 (Canby)	4,114,020.00	7,418,618.50	11,532,638.50	33,412,045.60	12.31%	34.52%
School	Clatsop cty SD 1 (Astoria)	$2,034,211.60	$3,775,500.00	$5,809,711.60	$12,313,146.61	16.52%	47.18%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Clatsop cty SD 10 (Seaside)	$959,134.70	$5,168,316.80	$6,127,451.50	$929,437.19	103.20%	659.26%
School	Clatsop cty SD 30 (Warrenton-Hammond)	345,893.86	1,916,987.50	2,262,881.36	7,245,170.81	4.77%	31.23%
School	Clatsop cty SD 4 (Knappa)	-	-	-	4,479,585.31	0.00%	0.00%
School	Clatsop cty SD 8 (Jewell)	-	-	-	19,700.41	0.00%	0.00%
School	Columbia cty SD 13 (Rainier)	690,115.96	-	690,115.96	6,414,920.71	10.76%	10.76%
School	Columbia cty SD 1J (Scappoose)	-	2,874,750.00	2,874,750.00	14,336,570.40	0.00%	20.05%
School	Columbia cty SD 47J (Vernonia)	-	1,041,205.15	1,041,205.15	4,166,609.52	0.00%	24.99%
School	Columbia cty SD 502 (St Helens)	2,875,810.60	2,704,400.00	5,580,210.60	21,554,580.76	13.34%	25.89%
School	Columbia cty SD 6J (Clatskanie)	-	691,666.67	691,666.67	5,754,935.64	0.00%	12.02%
School	Coos cty SD 13 (North Bend)	1,108,374.06	1,287,952.00	2,396,326.06	37,807,114.51	2.93%	6.34%
School	Coos cty SD 31 (Powers)	-	-	-	2,081,719.67	0.00%	0.00%
School	Coos cty SD 41 (Myrtle Point)	-	158,009.25	158,009.25	4,299,513.74	0.00%	3.68%
School	Coos cty SD 54 (Bandon)	-	377,311.11	377,311.11	3,641,253.25	0.00%	10.36%
School	Coos cty SD 8 (Coquille)	-	-	-	13,160,011.39	0.00%	0.00%
School	Coos cty SD 9 (Coos Bay)	1,308,935.00	3,438,087.50	4,747,022.50	26,255,621.56	4.99%	18.08%
School	Crook Cty School District	2,710,542.20	2,326,101.40	5,036,643.60	23,685,374.81	11.44%	21.26%
School	Curry cty SD 1 (Central Curry)	-	402,150.00	402,150.00	2,038,323.34	0.00%	19.73%
School	Curry Cty SD 17 (Brookings-Harbor)	1,179,809.56	-	1,179,809.56	9,780,569.07	12.06%	12.06%
School	Curry cty SD 2CJ (Port Orford-Langlois)	-	-	-	1,731,502.66	0.00%	0.00%
School	Deschutes Cty SD 1 (Bend-Lapine)	$8,186,264.10	$35,472,377.46	$43,658,641.56	$98,483,903.16	8.31%	44.33%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Deschutes cty SD 2J (Redmond)	$3,315,003.46	$13,931,547.82	$17,246,551.28	$49,038,956.64	6.76%	35.17%
School	Deschutes cty SD 6 (Sisters)	1,025,144.40	3,006,623.33	4,031,767.73	2,983,368.66	34.36%	135.14%
School	Douglas cty SD 1 (Oakland)	-	-	-	5,775,175.63	0.00%	0.00%
School	Douglas cty SD 105 (Reedsport)	329,031.00	646,814.20	975,845.20	6,387,199.49	5.15%	15.28%
School	Douglas cty SD 116 (Winston-Dillard)	1,436,082.00	1,007,200.00	2,443,282.00	12,045,894.34	11.92%	20.28%
School	Douglas cty SD 12 (Glide)	352,059.00	932,400.00	1,284,459.00	4,233,404.63	8.32%	30.34%
School	Douglas cty SD 130 (Sutherlin)	1,232,300.40	-	1,232,300.40	11,713,411.07	10.52%	10.52%
School	Douglas cty SD 15 (Douglas County)	-	-	-	3,197,607.53	0.00%	0.00%
School	Douglas cty SD 19 (South Umpqua)	1,506,107.80	-	1,506,107.80	12,844,111.30	11.73%	11.73%
School	Douglas cty SD 21J (Camas Valley)	-	-	-	3,425,813.43	0.00%	0.00%
School	Douglas cty SD 22 (North Douglas)	-	73,000.00	73,000.00	3,694,382.23	0.00%	1.98%
School	Douglas cty SD 32 (Yoncalla)	-	-	-	3,135,460.82	0.00%	0.00%
School	Douglas cty SD 34 (Elkton)	-	183,900.00	183,900.00	3,381,500.25	0.00%	5.44%
School	Douglas Cty SD 4 (Roseburg)	3,897,223.74	-	3,897,223.74	45,344,719.27	8.59%	8.59%
School	Douglas cty SD 70 (Riddle)	-	-	-	3,600,765.10	0.00%	0.00%
School	Douglas cty SD 77 (Glendale)	-	99,300.00	99,300.00	3,228,760.30	0.00%	3.08%
School	Gilliam cty SD 25J (Condon)	-	250,800.00	250,800.00	1,970,515.95	0.00%	12.73%
School	Gilliam cty SD 3 (Arlington)	-	-	-	768,283.75	0.00%	0.00%
School	Grant cty SD 16J (Dayville)	-	50,319.50	50,319.50	1,273,531.14	0.00%	3.95%
School	Grant cty SD 17 (Long Creek)	$-	$-	$-	$996,940.81	0.00%	0.00%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Grant cty SD 3 (John Day)	$410,597.00	$-	$410,597.00	$6,079,450.27	6.75%	6.75%
School	Grant cty SD 4 (Prairie City)	68,753.50	-	68,753.50	14,027,265.28	0.49%	0.49%
School	Grant cty SD 8 (Monument)	72,502.50	-	72,502.50	1,245,847.38	5.82%	5.82%
School	Harney cty SD 10 (Suntex)	-	-	-	240,520.71	0.00%	0.00%
School	Harney cty SD 13 (Drewsey)	-	-	-	399,188.37	0.00%	0.00%
School	Harney cty SD 16 (Frenchglen)	-	-	-	362,444.53	0.00%	0.00%
School	Harney cty SD 1J (Harney County Union High)	-	-	-	10,814,067.80	0.00%	0.00%
School	Harney cty SD 28 (Double O)	-	-	-	250,157.31	0.00%	0.00%
School	Harney Cty SD 3 (Burns)	1,188,883.00	-	1,188,883.00	7,178,356.98	16.56%	16.56%
School	Harney cty SD 33 (South Harney)	-	-	-	411,363.73	0.00%	0.00%
School	Harney cty SD 4 (Harney County)	-	-	-	11,095,521.68	0.00%	0.00%
School	Harney cty SD 5 (Pine Creek)	-	-	-	263,004.42	0.00%	0.00%
School	Harney cty SD 7 (Diamond)	-	-	-	285,298.76	0.00%	0.00%
School	Hood River Cty SD (Hood River)	2,768,144.70	4,693,900.00	7,462,044.70	33,442,790.52	8.28%	22.31%
School	Jackson cty SD 35 (Rogue River)	-	623,793.27	623,793.27	8,736,122.66	0.00%	7.14%
School	Jackson cty SD 4 (Phoenix-Talent)	1,593,443.86	3,426,450.00	5,019,893.86	17,150,100.44	9.29%	29.27%
School	Jackson cty SD 5 (Ashland)	-	7,327,400.00	7,327,400.00	11,623,740.31	0.00%	63.04%
School	Jackson cty SD 549C (Medford)	4,379,704.00	12,784,075.00	17,163,779.00	117,090,831.77	3.74%	14.66%
School	Jackson cty SD 59 (Prospect)	$-	$-	$-	$3,101,158.21	0.00%	0.00%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Jackson cty SD 6 (Central Point)	$-	$3,343,950.00	$3,343,950.00	$39,725,919.39	0.00%	8.42%
School	Jackson cty SD 9 (Eagle Point)	-	-	-	35,917,078.21	0.00%	0.00%
School	Jackson cty SD 91 (Butte Falls)	-	-	-	2,840,344.17	0.00%	0.00%
School	Jackson cty SD 94 (Pinehurst)	-	-	-	329,354.19	0.00%	0.00%
School	Jefferson cty SD 4 (Culver)	-	813,200.00	813,200.00	6,802,912.73	0.00%	11.95%
School	Jefferson cty SD 41 (Black Butte)	-	-	-	159,153.93	0.00%	0.00%
School	Jefferson Cty SD 509J (Madras)	1,413,507.00	4,214,550.12	5,628,057.12	29,068,229.55	4.86%	19.36%
School	Jefferson cty SD 8 (Ashwood)	-	-	-	399,583.52	0.00%	0.00%
School	Josephine Cty SD (Three Rivers)	2,854,790.30	-	2,854,790.30	35,455,551.63	8.05%	8.05%
School	Josephine cty SD 7 (Grants Pass)	-	-	-	47,099,424.64	0.00%	0.00%
School	Klamath Cty SD	-	3,454,509.50	3,454,509.50	68,426,875.17	0.00%	5.05%
School	Klamath Cty SD 1 (Klamath Falls)	-	3,884,642.56	3,884,642.56	24,281,921.60	0.00%	16.00%
School	Lake cty SD 11 (Paisley)	-	-	-	2,899,224.25	0.00%	0.00%
School	Lake cty SD 14 (North Lake)	-	238,400.00	238,400.00	3,326,425.02	0.00%	7.17%
School	Lake cty SD 18 (Plush)	-	-	-	401,653.89	0.00%	0.00%
School	Lake cty SD 21 (Adel)	-	-	-	222,227.00	0.00%	0.00%
School	Lake cty SD 7 (Lake County)	-	-	-	6,552,602.92	0.00%	0.00%
School	Lane cty SD 1 (Pleasant Hill)	-	1,442,956.26	1,442,956.26	7,319,925.52	0.00%	19.71%
School	Lane cty SD 19 (Springfield)	5,908,481.00	8,077,416.46	13,985,897.46	84,935,417.34	6.96%	16.47%
School	Lane cty SD 28J (Fern Ridge)	$740,183.00	$2,879,653.94	$3,619,836.94	$11,611,627.64	6.37%	31.17%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Lane cty SD 32 (Mapleton)	$-	$192,725.00	$192,725.00	$2,026,774.32	0.00%	9.51%
School	Lane cty SD 40 (Creswell)	438,795.20	1,484,052.50	1,922,847.70	9,490,029.64	4.62%	20.26%
School	Lane cty SD 45J3 (South Lane)	1,262,534.80	3,039,137.50	4,301,672.30	25,683,281.15	4.92%	16.75%
School	Lane cty SD 4J (Eugene)	5,480,104.00	26,229,497.50	31,709,601.50	107,055,204.83	5.12%	29.62%
School	Lane cty SD 52 (Bethel)	-	7,830,571.73	7,830,571.73	43,154,476.08	0.00%	18.15%
School	Lane cty SD 66 (Crow-Applegate-Lorane)	-	256,900.00	256,900.00	2,597,492.41	0.00%	9.89%
School	Lane cty SD 68 (McKenzie)	-	-	-	1,449,892.98	0.00%	0.00%
School	Lane cty SD 69 (Junction City)	1,022,048.00	1,923,500.00	2,945,548.00	12,834,994.20	7.96%	22.95%
School	Lane cty SD 71 (Lowell)	-	278,200.00	278,200.00	12,313,901.55	0.00%	2.26%
School	Lane cty SD 76 (Oakridge)	-	341,400.00	341,400.00	5,590,916.53	0.00%	6.11%
School	Lane Cty SD 79 (Marcola)	-	405,556.26	405,556.26	8,630,192.06	0.00%	4.70%
School	Lane cty SD 90 (Blachly)	-	-	-	4,675,083.12	0.00%	0.00%
School	Lane cty SD 97J (Siuslaw)	1,075,607.20	-	1,075,607.20	6,185,215.55	17.39%	17.39%
School	Lincoln Cty Unified SD	5,566,885.00	6,716,300.00	12,283,185.00	23,368,647.72	23.82%	52.56%
School	Linn cty SD 129J (Santiam Canyon)	475,713.60	988,650.00	1,464,363.60	32,757,274.61	1.45%	4.47%
School	Linn cty SD 55 (Sweet Home)	1,984,569.20	1,709,000.00	3,693,569.20	20,530,449.95	9.67%	17.99%
School	Linn cty SD 552 (Central Linn)	-	-	-	3,916,975.24	0.00%	0.00%
School	Linn cty SD 7J (Harrisburg)	-	753,400.00	753,400.00	6,691,426.01	0.00%	11.26%
School	Linn Cty SD 8J (Greater Albany)	4,706,102.00	14,393,950.00	19,100,052.00	75,301,188.09	6.25%	25.36%
School	Linn cty SD 9 (Lebanon Community)	$-	$3,942,197.40	$3,942,197.40	$33,437,886.03	0.00%	11.79%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Linn cty SD 95 (Scio)	$-	$-	$-	$20,829,456.11	0.00%	0.00%
School	Malheur cty SD 12 (Juntura)	-	-	-	217,106.13	0.00%	0.00%
School	Malheur cty SD 26 (Nyssa)	-	424,800.00	424,800.00	13,898,223.09	0.00%	3.06%
School	Malheur cty SD 29 (Annex)	-	-	-	1,615,577.27	0.00%	0.00%
School	Malheur cty SD 3 (Jordan Valley)	-	-	-	1,593,680.01	0.00%	0.00%
School	Malheur cty SD 51 (Malheur County)	-	-	-	131.34	0.00%	0.00%
School	Malheur cty SD 61 (Adrian)	-	164,446.50	164,446.50	4,057,007.25	0.00%	4.05%
School	Malheur cty SD 66 (Harper)	-	-	-	3,698,311.13	0.00%	0.00%
School	Malheur cty SD 81 (Arock)	-	-	-	400,721.66	0.00%	0.00%
School	Malheur Cty SD 84 (Vale) (UHD 3)	-	526,612.50	526,612.50	9,435,329.00	0.00%	5.58%
School	Malheur cty SD 8C (Ontario)	1,076,708.00	1,033,040.00	2,109,748.00	26,624,769.66	4.04%	7.92%
School	Marion cty SD 1 (Gervais)	1,112,035.50	-	1,112,035.50	13,119,209.33	8.48%	8.48%
School	Marion cty SD 103 (Woodburn)	-	7,452,222.20	7,452,222.20	59,488,336.44	0.00%	12.53%
School	Marion cty SD 14J (Jefferson)	800,430.20	724,287.50	1,524,717.70	7,518,587.73	10.65%	20.28%
School	Marion cty SD 15 (North Marion)	1,381,174.00	2,019,450.00	3,400,624.00	16,500,712.04	8.37%	20.61%
School	Marion Cty SD 24J (Salem Keizer)	22,498,657.90	58,356,475.80	80,855,133.70	393,730,199.46	5.71%	20.54%
School	Marion cty SD 29J (North Santiam)	1,818,100.00	1,676,787.50	3,494,887.50	15,715,273.72	11.57%	22.24%
School	Marion cty SD 45 (St Paul)	-	578,200.00	578,200.00	3,112,494.08	0.00%	18.58%
School	Marion cty SD 4J (Silver Falls)	1,860,123.64	4,179,695.00	6,039,818.64	31,830,163.52	5.84%	18.98%
School	Marion cty SD 5 (Cascade)	$1,772,334.40	$1,682,675.00	$3,455,009.40	$22,349,971.35	7.93%	15.46%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Marion cty SD 91 (Mt Angel)	$-	$908,012.50	$908,012.50	$6,891,611.38	0.00%	13.18%
School	Morrow Cty SD 1	838,392.00	-	838,392.00	19,288,264.49	4.35%	4.35%
School	Morrow Cty SD 2 (Ione)	-	758,153.61	758,153.61	1,913,463.69	0.00%	39.62%
School	Multnomah cty SD 10J (Gresham-Barlow)	6,978,142.00	20,444,475.00	27,422,617.00	100,752,283.36	6.93%	27.22%
School	Multnomah cty SD 1J (Portland)	57,698,322.20	142,746,252.60	200,444,574.80	246,538,707.70	23.40%	81.30%
School	Multnomah cty SD 28J (Centennial)	-	3,515,350.00	3,515,350.00	55,586,294.11	0.00%	6.32%
School	Multnomah cty SD 3 (Parkrose)	1,594,070.00	3,714,077.40	5,308,147.40	11,530,007.45	13.83%	46.04%
School	Multnomah cty SD 39 (Corbett)	-	370,400.00	370,400.00	9,923,298.07	0.00%	3.73%
School	Multnomah cty SD 40 (David Douglas)	3,652,318.84	4,833,037.50	8,485,356.34	93,023,031.48	3.93%	9.12%
School	Multnomah cty SD 51J (Riverdale)	499,452.60	423,537.42	922,990.02	3,487,512.31	14.32%	26.47%
School	Multnomah cty SD 7 (Reynolds)	9,345,489.60	10,829,577.98	20,175,067.58	101,812,509.99	9.18%	19.82%
School	Polk cty SD 13J (Central)	2,343,548.40	5,119,892.00	7,463,440.40	30,214,002.43	7.76%	24.70%
School	Polk cty SD 2 (Dallas)	-	3,133,900.00	3,133,900.00	26,543,890.94	0.00%	11.81%
School	Polk cty SD 21 (Perrydale)	-	161,298.61	161,298.61	3,839,858.82	0.00%	4.20%
School	Polk cty SD 57 (Falls City)	201,851.00	-	201,851.00	2,745,316.38	7.35%	7.35%
School	Sherman cty SD (Sherman County)	-	-	-	2,876,690.50	0.00%	0.00%
School	Tillamook Cty SD 101 (Nestucca Valley)	253,655.70	2,148,650.00	2,402,305.70	66,981.41	378.70%	3586.53%
School	Tillamook cty SD 56 (Neah-Kah-Nie)	-	1,400,065.00	1,400,065.00	92,591.95	0.00%	1512.08%
School	Tillamook cty SD 9 (Tillamook)	$1,946,538.20	$1,349,250.00	$3,295,788.20	$7,782,212.07	25.01%	42.35%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Umatilla cty SD 1 (Helix)	$-	$473,337.50	$473,337.50	$2,344,195.52	0.00%	20.19%
School	Umatilla Cty SD 16R (Pendleton)	2,936,466.00	5,344,338.00	8,280,804.00	27,983,830.36	10.49%	29.59%
School	Umatilla cty SD 2 (Pilot Rock)	261,144.00	425,149.82	686,293.82	3,650,550.91	7.15%	18.80%
School	Umatilla Cty SD 29J (Athena-Weston)	-	477,712.50	477,712.50	6,194,984.39	0.00%	7.71%
School	Umatilla Cty SD 5R (Echo)	195,717.20	371,525.00	567,242.20	3,640,693.25	5.38%	15.58%
School	Umatilla Cty SD 6 (Umatilla)	441,390.00	607,700.00	1,049,090.00	12,552,916.61	3.52%	8.36%
School	Umatilla cty SD 61 (Stanfield)	410,687.80	772,800.00	1,183,487.80	5,624,410.83	7.30%	21.04%
School	Umatilla cty SD 8 (Hermiston)	2,393,503.46	8,385,357.40	10,778,860.86	52,866,134.17	4.53%	20.39%
School	Umatilla cty SD 80R (Ukiah)	-	-	-	959,878.28	0.00%	0.00%
School	Umatilla Cty USD 7 (Milton-Freewater)	1,521,918.40	819,800.00	2,341,718.40	16,594,753.08	9.17%	14.11%
School	Union cty SD 1 (La Grande)	1,084,733.30	3,561,145.50	4,645,878.80	17,780,668.22	6.10%	26.13%
School	Union cty SD 11 (Imbler)	-	458,000.00	458,000.00	3,723,986.11	0.00%	12.30%
School	Union cty SD 15 (Cove)	-	-	-	3,976,475.57	0.00%	0.00%
School	Union cty SD 23 (Elgin)	-	-	-	4,519,136.15	0.00%	0.00%
School	Union cty SD 5 (Union)	187,818.00	203,200.00	391,018.00	3,617,190.95	5.19%	10.81%
School	Union cty SD 8J (North Powder)	-	189,450.00	189,450.00	3,778,719.58	0.00%	5.01%
School	Wallowa cty SD 12 (Wallowa)	-	294,189.24	294,189.24	2,608,983.71	0.00%	11.28%
School	Wallowa cty SD 21 (Enterprise)	-	337,858.53	337,858.53	4,199,629.06	0.00%	8.04%
School	Wallowa cty SD 54 (Troy)	-	-	-	244,225.12	0.00%	0.00%
School	Wallowa cty SD 6 (Joseph)	$-	$-	$-	$3,602,194.30	0.00%	0.00%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
School	Wasco Cty SD 1 (South)	$-	$240,324.31	$240,324.31	$2,374,918.81	0.00%	10.12%
School	Wasco Cty SD 21 (The Dalles) Bonds	1,752,230.00	-	1,752,230.00	25,386,992.43	6.90%	6.90%
School	Wasco cty SD 29 (Dufur)	-	467,950.00	467,950.00	3,655,604.18	0.00%	12.80%
School	Washington cty SD 13 (Banks)	349,305.94	1,318,400.00	1,667,705.94	7,332,423.73	4.76%	22.74%
School	Washington cty SD 15 (Forest Grove)	2,862,828.06	3,444,250.00	6,307,078.06	54,487,864.00	5.25%	11.58%
School	Washington cty SD 1J (Hillsboro)	10,309,115.70	38,822,500.50	49,131,616.20	145,355,642.80	7.09%	33.80%
School	Washington cty SD 23J (Tigard-Tualatin)	4,082,463.00	15,400,598.50	19,483,061.50	75,571,591.00	5.40%	25.78%
School	Washington cty SD 48J (Beaverton)	17,438,826.16	69,132,822.12	86,571,648.28	296,665,932.30	5.88%	29.18%
School	Washington cty SD 511J (Gaston)	471,952.00	554,450.00	1,026,402.00	3,882,029.25	12.16%	26.44%
School	Washington cty SD 88J (Sherwood)	1,425,117.80	14,832,675.00	16,257,792.80	35,464,392.01	4.02%	45.84%
School	Wheeler cty SD 1 (Spray)	-	-	-	1,524,983.66	0.00%	0.00%
School	Wheeler cty SD 21J (Fossil)	-	-	-	17,572,853.67	0.00%	0.00%
School	Wheeler cty SD 55 (Mitchell)	-	-	-	13,914,796.97	0.00%	0.00%
School	Yamhill Cty SD 1 (Yamhill-Carlton)	1,091,372.00	941,250.00	2,032,622.00	7,079,929.50	15.42%	28.71%
School	Yamhill cty SD 29J (Newberg)	4,062,565.40	6,441,605.56	10,504,170.96	31,972,288.06	12.71%	32.85%
School	Yamhill cty SD 30J (Willamina)	275,152.84	265,000.00	540,152.84	7,831,353.55	3.51%	6.90%
School	Yamhill cty SD 40 (McMinnville)	3,288,364.46	11,069,288.00	14,357,652.46	58,582,800.76	5.61%	24.51%
School	Yamhill cty SD 48J (Sheridan)	-	1,047,462.50	1,047,462.50	8,668,813.49	0.00%	12.08%
School	Yamhill cty SD 4J (Amity)	762,215.40	671,748.00	1,433,963.40	7,637,384.61	9.98%	18.78%
School	Yamhill cty SD 8 (Dayton)	$849,570.50	$1,445,000.00	$2,294,570.50	$7,831,225.72	10.85%	29.30%

Table A-11

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
Community College	Oregon Coast Community College	$225,218.50	$2,046,275.00	$2,271,493.50	$2,838,797.38	7.93%	80.02%
Community College	Blue Mountain Community College	1,040,077.66	2,000,706.26	3,040,783.92	4,575,970.24	22.73%	66.45%
Community College	Lane Community College	5,949,250.00	11,160,350.00	17,109,600.00	28,667,508.04	20.75%	59.68%
Community College	Central Oregon Community College	1,346,542.00	3,511,224.44	4,857,766.44	9,536,455.15	14.12%	50.94%
Community College	Chemeketa Community College	4,248,392.76	11,309,284.39	15,557,677.15	37,462,574.99	11.34%	41.53%
Community College	Clatsop Community College	730,221.06	955,707.50	1,685,928.56	4,191,125.44	17.42%	40.23%
Community College	Clackamas Community College	3,009,105.46	3,845,100.00	6,854,205.46	19,779,256.91	15.21%	34.65%
Community College	Columbia Gorge Community College (Treaty-Oak AED)	206,617.36	1,661,150.00	1,867,767.36	5,804,678.94	3.56%	32.18%
Community College	Tillamook Bay Community College	169,517.76	763,324.75	932,842.51	2,914,404.07	5.82%	32.01%
Community College	Rogue Community College	1,972,787.60	1,462,650.00	3,435,437.60	11,110,504.29	17.76%	30.92%
Community College	Linn-Benton Community College	2,997,713.50	3,163,100.00	6,160,813.50	24,862,703.06	12.06%	24.78%
Community College	Southwestern Oregon Community College	$1,398,001.00	$-	$1,398,001.00	$8,114,328.38	17.23%	17.23%

Oregon School Bond Guaranty and Local Government Pension Bonds vs. State Aid, FY22-23
***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 Type	District	FYE22 OSBG Annual P&I DS	FYE22 Pension Annual P&I DS	FYE22 Annual DS P&I Total	FYE22 State Aid	FYE22 % OSBG/*Net State Aid	FYE22 % Total DS/*Net State Aid
Community College	Mt Hood Community College	$5,808,690.50	$-	$5,808,690.50	$35,058,930.01	16.57%	16.57%
Community College	Portland Community College	11,053,364.00	7,909,931.40	18,963,295.40	117,497,864.34	9.41%	16.14%
Community College	Umpqua Community College	1,220,193.00	-	1,220,193.00	14,078,562.34	8.67%	8.67%
Community College	Treasure Valley Community College	643,471.46	-	643,471.46	8,436,325.63	7.63%	7.63%
Community College	Rogue Community College (Jackson Cty Bond)	-	2,234,800.00	2,234,800.00	347,907,467.70	0.00%	0.64%
Community College	Klamath Community College	$-	$-	$-	$12,977,478.49	0.00%	0.00%

APPENDIX B:
Constitutional & Statutory Framework

This Page Intentionally Blank

A. 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 and also 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 one percent 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, 2022, there was $26.7 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 eight percent 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 $324.6 million as of June 30, 2022.

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 forest-land 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 $999.1 million as of June 30, 2022. 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.

SB 270 required that in order 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.[11] 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 percent 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, 2022, the principal amount outstanding for Community College XI-G bonds was $219.6 million and $705.2 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 one percent 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 seventy percent self-supporting and self-liquidating from revenues, gifts, federal grants, user charges, assessments and other fees.[12] 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 $21.4 million as of June 30, 2022.

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 fifty percent 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, 2022.

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 $25.5 million as of June 30, 2022.

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 greatly depleted SELP's loan reserves. Recent cash flow analysis shows that the State will need to make cash infusions starting this biennium of $5 million in order 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 $94.9 million in outstanding Article XI-J bonds as of June 30. 2022.

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 $21.2 million of June 30, 2022.

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 $334.7 million as of June 30, 2022.

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 $81 million as of June 30, 2022.

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 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 one percent 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 percent of the bond debt service is paid by non-General Fund resources leaving 35 percent 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 $1.08 billion as of June 30, 2022.

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 wards 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, 2022, there was $252.9 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 one percent 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 the voters in November 2010, and enacted into statute in 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, 2022, the principal outstanding for Article XI-Q bonds totaled $2.6 billion.

B. 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 $878.5 billion as of June 30, 2022.

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.[13] 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 a number of 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 $2.34 billion as of June 30, 2022.

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 $54.5 million as of June 30, 2022.

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, 2022, Lottery Bond principal amount outstanding was $1.17 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.

C. 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, 2022.

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 $518.9 million as of June 30, 2022.

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 $949.5 million as of June 30, 2022.

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 the 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.

D. 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, 2022 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 no 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[14] 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 $90.2 million as of June 30, 2022.