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Deputy Superintendent of Public Instruction

SB 5534: Support for Lottery Bonds & Connecting Oregon Schools Fund
Joint Subcommittee On Capital Construction
May 6, 2021

Co-Chair Girod, Co-Chair Holvey, and members of the committee, I am Michael Elliott, School Facilities Program Manager for the Oregon Department of Education (ODE). Thank you for the opportunity to provide testimony in support of the lottery bonds marked for the Connecting Oregon Schools Fund.

The recent pandemic has made it very clear that access to strong, stable and reliable internet is critical for the success for all of Oregon's students. Unfortunately, many districts in Oregon do not have strong, stable internet connections. They are often using outdated or unreliable technology. The basic reason is because of the costs associated with building high speed and high quality internet infrastructure to our districts across the state. Miles of fiber optic cables need to be installed and the costs can run upwards of millions of dollars. This is creating a digital inequity in our state where some students have access to high speed internet capacity and others do not. The lottery bond funding can help eliminate this inequity in conjunction with a federal program to pay for better infrastructure.

For many years, the federal government has subsidized school districts' ability to purchase internet services through a program known as E-Rate. This program helps pay for the construction of the internet infrastructure needed to help districts provide internet to their students. The federal government, through the E-Rate program, will pay up to 90% of these construction costs. However, for many of our smaller and more rural districts, where construction costs can run into the millions, the remaining 10% is still an insurmountable barrier.

Recently the federal government changed the rules of the E-Rate program. For construction projects, the federal government would increase their subsidy if the state governments would also add in 10% of the construction costs. For many of Oregon's smaller districts, this would mean that their entire construction project would be funded without the district having to provide any funds. This means many of the districts could actually undertake these projects and the insurmountable barrier of costs would be eliminated.

The problem is that Oregon has not provided funding to take full advantage of this program. This means very few districts in Oregon have actually been able to improve their internet with these additional federal funds.

When Oregon has been able to provide funding, it is always after districts have submitted their applications to the federal programs. This means that for those few districts that have received funds, their applications have been delayed because of the delayed state funding. This also means that the department has not been able to work with districts ahead of the application process to get more districts to participate in the program.

Oregon provided funding to 5 districts in 2018. This required \$338,687 in state funds to match \$5,660,574 in federal funds. In 2019, 12 districts have applied for the federal program but been unable to move forward because of a lack of state commitment. The total cost to the state would have been \$1,958,444 to match \$21,852,895 in federal funds. Additional districts applied but had to withdraw their applications in 2020 because the high costs of construction were an insurmountable barrier without the state match.

The lottery bonds marked for the Connecting Oregon Schools Fund as part of SB 5534 will eliminate both of the current problems the Oregon efforts face. First, the Connecting Oregon Schools Fund will receive \$17.5 million in lottery backed bond proceeds. These funds will enable Oregon to fully participate in the matching requirements of the federal E-Rate program. Not only will they provide immediate funding for this year, but these funds can be used for several years after this to provide the maximum opportunities available for districts.

These funds will also help promote this program to Oregon's districts. By providing the funds up front, the Oregon Department of Education can work with districts to encourage them to apply for the federal program. As the federal E-Rate application requirements are extensive, the state's funding up front will encourage more districts to take on that work. It also gives districts the ability to plan for these projects so that they are done effectively and efficiently.

Without the funds of SB 5534, none of this will happen. Oregon will continue to lose out on taking advantage of millions of federal funds available for internet infrastructure construction. Our state will continue to maintain digital inequity between its students. By supporting these funds in SB 5534, the legislature is taking steps to eliminate inequity and invest in Oregon's students today to help them succeed tomorrow.

Thank you for the opportunity to provide comments, and we welcome any questions you may have.

Respectfully submitted,

Michael Elliott

School Facilities Program Manager