

## **Manuel Da Silva**

### **Opening Remarks**

Good Morning Chairman Sarlo, Vice-Chairwoman Cunningham, and the members of the Senate Budget and Appropriations Committee.

Thank you for the opportunity to appear before you today to share an update on the important work of the SDA.

With me today is SDA Vice President and Chief Financial Officer Donald Guarriello and Gregory Voronov, Managing Director of Planning and Program Operations. Together, we will do our best to answer any questions you might have about the SDA program and the funding for school construction in the proposed Fiscal Year 2024 Budget.

I would like to start by thanking the Members and the Administration for the funding provided to the school construction program in Fiscal Year 2023. Your significant investment in the school construction program demonstrates your commitment to providing thousands of New Jersey's students with the best possible facilities to learn in and confidence in the SDA's ability to deliver those facilities. I can assure you that your trust in the SDA is well placed.

With regards to the funding provided through the Debt and Defeasance Fund, the SDA and Treasury have entered into a grant agreement that sets the parameters for the planned disbursement of these funds over the next several years. This

information was provided to the Members prior to today's hearing. This disbursement schedule will allow the SDA to have the necessary cash-on-hand for expected project expenditures annually.

Since the approval of nearly \$2 Billion in funding last year, substantial program activities have occurred. The SDA Board of Directors approved the advancement of 19 Capital Projects in 14 SDA Districts. The construction of these schools will provide more than 11,700 new seats in districts that are experiencing capacity deficiencies or extreme facility conditions deficiencies.

We have already begun design activities on 5 of the 19 projects we plan to advance. Two of the 5 projects will also begin demolition activities later this summer. In addition, we recently employed an alternative delivery method to address one of the projects approved for Newark. SDA's recent acquisition of a former school building earlier this year is expected to welcome over 300 students this fall.

Scope development and scope finalization activities are ongoing for the remaining 13 projects. The preliminary planning assumptions utilized to develop initial scopes for these projects as represented in our Strategic Plan are under review with each District and the Department of Education. The SDA planning team, led by Mr. Voronov, is meeting with Districts and DOE to ensure that the projects that are advanced are the most responsive and appropriate to fulfill district needs. These projects are all anticipated to advance into construction within the next 5-7 years.

The Fiscal Year 2023 budget once again provided \$75 million to be issued in the form of grants to both SDA and ROD Districts for capital maintenance and emergent projects. With these grant dollars, districts are able to prioritize facility work they deem most essential and to address items quickly. To date, we have disbursed approximately \$60 million of this funding to 322 school districts. We have analyzed the projects funded in Fiscal Years 2022 and 2023, and we have determined that the majority of the funding has been used to address HVAC, building envelope, life safety, and security needs.

The inclusion of this funding once again in Fiscal Year 2024 budget is prudent as it will allow districts to proactively address some of their facility needs district-wide on a yearly basis. Through continuation of this annual funding, Districts are able to more efficiently plan for work that can be done in the upcoming year.

The funding provided last year also contained an allocation for Regular Operating District Grants. Under the ROD grant program, qualifying school districts are eligible to receive, at a minimum, 40 percent of approved eligible project costs. The application cycle for these grants is currently open and will run through May 1. ROD districts were notified of the application schedule on January 26 through the issuance of a DOE/SDA Joint Broadcast. Following review and the final determination of eligible costs and grant amounts by the Department of Education, SDA expects to issue grant offers in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2023.

The SDA's efforts to favorably impact the State's school facilities to best meet the needs of students continues to advance.

In 2023, the SDA will open the new Charles and Anna Booker Elementary School in Plainfield, a facility named for two civil rights icons from that community. The namesakes of this new facility provides a lasting reminder that, through activism and a strong commitment to education, students can change the world. The facilities we build provide the educational spaces and tools to help our future leaders – the students – succeed.

In addition, this year we will complete the final phases of work at the Millville Senior High School, Keansburg Port Monmouth Road School, and Orange High School.

We are also readying a site for the construction of a new grade 7-9 school in Union City, and work continues on the 576,000-square-foot Perth Amboy High School, the largest project SDA has undertaken to date.

I would be remiss if I did not mention the continued challenges that we, along with others in both the public and private sectors, experienced as a result of supply chain issues stemming from the pandemic. However, we have worked with our construction partners to minimize project impacts whenever possible. Due to our prudent planning and budgeting policies, we have been able to absorb any added costs encountered on school projects due to supply chain issues and inflation impacts.

Although significant work is advancing, we know that more remains to be done. The SDA's Statewide Strategic Plan is updated every 5 years. This allows the DOE

and SDA to recognize changing needs in SDA Districts – capacity, facilities efficiency compliance, and facility deficiencies. We then develop a strategic plan that allows for advancement of additional work based on the funding currently available. I would emphasize that the SDA does not advance projects without dedicated funding in place. That is, we cannot and will not start work on a project without knowing that we have allocated funding to finish it and deliver it to the district. To do so would be irresponsible and an abrogation of our fiscal responsibilities.

Over the life of New Jersey’s school construction program, the SDA has remained steadfast in its focus on constructing new schools to reduce overcrowding and ensure that New Jersey’s students have safe and educationally adequate school facilities. Thanks to the commitment of Governor Murphy and the Legislature through the recent funding allocation, SDA will continue to address the needs that exist throughout the State.

SDA’s Board of Directors, management, and staff are committed to working with the Administration, the Legislature, and our stakeholders to advance the SDA school construction program and the essential work that we do.

Thank you and we are available to answer any questions you have.