



**Manuel Da Silva
Chief Executive Officer
Opening Statement**

Good morning, Chairwoman Pintor Marin, Vice-Chair Wimberly, and the members of the Assembly Budget Committee.

Thank you for the opportunity to appear before you alongside our partners at the Department of Education.

Together with my colleagues beside me – Donald Guarriello, SDA Vice President and Chief Financial Officer, and Gregory Voronov, Managing Director of Planning and Program Operations, I look forward to sharing an update on the important work of the SDA and my support for the Governor’s proposed Fiscal Year 2025 budget.

The FY 2025 budget includes \$350 million out of the New Jersey Debt Defeasance and Prevention Fund appropriation to fund Authority projects and operations in adherence with the disbursement schedule. This funding will continue to support the advancement of the SDA’s Capital Plan.

As you may remember, we approved a new capital plan in 2022 that identified 19 projects to remedy capacity deficiencies and facilities needs throughout the state. This was possible thanks to a \$200 million budget appropriation as well as \$1.55 billion through the Debt Defeasance and Prevention Fund. The Authority has made significant progress on advancing these projects.

Two projects are now complete. This includes the Nelson Mandela School in Newark, which involved the acquisition of a vacant, non-operational charter school building. Recently, the SDA also acquired a building in New Brunswick that the school district previously leased for educational use. Now, this facility will serve students for generations to come.

Two additional projects are in the early site preparation phase. Previous school sites in Garfield and Elizabeth are undergoing asbestos abatement activities that will be followed by building demolition. This phase will ready the project sites for construction of new schools.

Of the remaining 15 projects, eight now have preliminary or planning project charters approved by the SDA Board of Directors. This action allows for the engagement of bridging design consultants or in-house design activities for these projects. The remaining seven projects are either in the planning and scope validation stage with school districts or are projects that will be phased upon the completion of other projects in a district.

As I have previously testified, and is important to reiterate, this capital plan was approved with a five to seven year timeframe in mind. At the outset, we did not intend to start all of these projects simultaneously, but rather, advance them in order of priority need and when the project logistics were finalized. I commend our planning and design teams, as well as our school district partners, for their significant contributions in advancing this important work.

In addition to the advancement of projects in the 2022 Capital Plan, SDA is excited to celebrate two upcoming school openings this fall. The new Perth Amboy High School, which received a temporary certificate of occupancy last month, will serve more than 3,000 high school students this fall. A major addition/renovation project at the Orange Cleveland Street Elementary School will also be available to students and staff in September. Work continues on the new Grade 7-9 School in Union City, which remains on schedule to open September 2025.

As you may know, in September 2023, the DOE and SDA announced the approval of nearly \$450 million in school construction funds to address critical facilities needs in more than 260 school districts throughout the state. Of the \$450 million in grant funding, \$350 million will come from the funds allocated to the SDA from the State's Debt Defeasance and Prevention Fund, while the remaining \$100 million will come from available grant funding from previous allocations.

Following issuance of Final Eligible Cost approval letters from the DOE, the SDA began issuing offer letters to school districts for these grants in January 2024. As districts now submit required paperwork, including board resolutions, SDA will continue to execute grant agreements allowing these important projects to be advanced.

For this round of ROD grant funding, the DOE prioritized projects based upon a rubric articulated in the grant offering and established a cut-off based upon the available funding. The majority of approved projects will address issues related to heating, ventilation, and cooling; roof repairs; and window replacements. Combined with the local share contribution, these projects are estimated to invest more than \$1 billion to improve school facilities across the state.

The FY 2025 budget once again includes a direct appropriation to provide funding for projects related to emergent and capital maintenance needs. To date, the SDA disbursed 60% of the funding allocated for this purpose in FY 2024. In prior fiscal year budget allocations, this funding was used by many districts to address HVAC, building envelope, site, plumbing, security, and mechanical work. This funding allows districts to undertake infrastructure projects that will make New Jersey's school facilities healthier and provide safer environments for students. We support the inclusion of funding for this work in this year's proposed budget once again.

I also want to acknowledge the recent passage of P.L.2023, c.311 and provide you with an update as it relates to SDA. The SDA's uniform standards are in place and in line with P.L.2023, c.311. These standards are periodically updated through issuance of bulletins to remain in line with advancements in the construction industry and safety guidelines. However, the enactment of this law provides another opportunity for us to further examine these standards and, as a result, SDA is currently in the process of reviewing and updating our standards.

As I have detailed, the SDA maintains a robust portfolio of activity throughout the state, which strives to reduce capacity deficiencies and replacement or repair of antiquated school facilities for thousands of students in grades pre-kindergarten through 12. As identified in our Statewide Strategic Plan, we know that significant school construction needs remain throughout the state, and we will continue working to meet those needs within our staff's capacity and the funding made available.

It is also important to recognize that in order for SDA to advance additional capital projects, upon any future allocation of funding, the acquisition of land would be required in many school districts. The process of identifying and securing appropriate sites for future school construction can take several years. I assure you that SDA is dedicated to the advancement and completion of projects currently funded. We do, however, remain cognizant of the needs that exist statewide and

we continue to have ongoing conversations with our district partners to ensure we are kept well-informed of changing educational factors such as increased enrollments, school building concerns, and potential land availability.

To conclude, we are gratified by the Governor and the Legislature's continued support for school construction in the state. We know that access to a quality education is the great equalizer, and school facilities play a vital role in student success. SDA's Board of Directors, management, and staff remain committed to working with the Administration, the Legislature, and our stakeholders to advance our mission of building quality schools for New Jersey's children that they so rightly deserve.

Thank you and we look forward to answering any questions you may have.