

## Capital Infrastructure Investments at Oregon's Public Universities An Overview for the Higher Education Coordinating Commission

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### Introduction

Oregon's public university campuses are vibrant cultural centers across the state. Through teaching, research, public service and civic engagement they advance the economic, social and cultural capacity of Oregon's diverse communities. Each year they graduate over 22,000 students who are well-prepared to lead Oregon into the future. They are destinations, bringing together hundreds of thousands of citizens in intellectual, artistic and athletic exploration.

At the heart of each university is its physical infrastructure - from red brick buildings nearly 150 years old to modern edifices of steel and glass. They are not just the lifeblood of the institutions, they represent over a century of state and private investments. Oregon's seven public universities collectively account for about half of the square footage of state-owned buildings.



Every institution strives to provide student access, student success, robust public service and innovative research for Oregonians across the state. Achieving distinction in these areas requires modernized academic and research facilities. Pedagogies are quickly changing to reflect advances in technology and the science of learning. Universities that keep pace with those changes will be the leading destinations for top faculty, who will in turn offer exceptional learning and research opportunities for all Oregonians.

Planning for capital enhancements is mission-driven, inclusive and dynamic. Every university in Oregon has a 10-year campus master plan or is in the process of adopting a new one.

Maintaining, improving, and augmenting university campus buildings means investing in Oregon's future. Universities are committed to realizing the greatest return on that investment for the students they serve and the citizens of Oregon. Planning for capital enhancements is mission-driven, inclusive, collaborative, future-thinking and dynamic. All universities in Oregon have a 10-year or longer campus

master plan or capital plan or are in the process of adopting a new one. The plans reflect key benchmarks and provide a framework for long-term goals.

Oregon’s public universities look forward to enhancing their partnership with the Higher Education Coordinating Commission in support of ongoing capital investments in infrastructure.

### **The Need for Capital Investment**

Since 2015, the HECC and universities collectively supported and received \$587 million (G, Q, and Lottery Bonds) in university capital construction funding, leveraging an additional \$230 million in

Since 2015, state investments of \$587 million have resulted in over \$230 million in matching funds – over \$800 million in investments.

external investment for a total investment exceeding \$800 million. Following decades of reductions, the state is also increasing investments in operating resources. Combined, these investments are having a measurable impact on affordability and access for all Oregonians. With a focus on sustainability and accountability, the universities are stewarding these

resources in ways that are transforming the experiences of students, advancing innovative research, engaging communities and entire regions economically and culturally, and addressing long-standing deferred maintenance and code compliance issues such as ADA access.

Capital investments remain among the most critical institutional needs on campuses. There is tremendous value in advocating for continued investment in university buildings. Key reasons include:

- University capital construction is a smart investment for Oregon taxpayers.
  - It spurs short-term economic development through construction-related jobs. A 2015 Sightlines study estimated construction has generated 14,000 jobs since 2007.
  - It promotes long-term economic development by cultivating research, enhancing educational outcomes, and developing a capable, well-trained workforce.
  - In addition to advancing academic and research goals, university facilities drive regional vitality as centers for civic activities.
  - It leverages private investment in state-owned facilities. As noted above, since 2015, \$587 million in state capital has leveraged over \$230 million in outside investments - an enviable match rate of nearly 40%.
- Capital investment improves affordability.
  - Over the next decade, public university infrastructure will require over \$950 million in deferred and new maintenance;
  - More than 70% of the spaces at Oregon universities are over 25 years old;
  - Modernizing existing spaces reduces overall operating costs and improves the educational and research environment.
- Life safety and resiliency.
  - Many campuses still have non-compliant restrooms and disability (access) issues requiring correction;
  - Dozens of university facilities are vulnerable to a Cascadia earthquake event;

- Capital investments allow universities to enhance the safety protocols in aging buildings currently ill-equipped to prevent natural or human emergencies.

Administrators, students, faculty and alumni, alongside engaged community leaders, look forward to working with the HECC and the legislature to maintain vigorous investments in the physical plans of Oregon's public universities.

### **University Planning**

As noted earlier, capital planning is a fundamental component of every university's administration. On its webpage, the HECC links to capital project teams at each university. The pages offer detailed information on the approach the institutions take to capital investments.

Eastern Oregon University: <https://www.eou.edu/facplan/>

Oregon Tech: <http://www.oit.edu/faculty-staff/facilities-services>

Oregon State University: <http://fa.oregonstate.edu/cpd/>

Portland State University: <https://www.pdx.edu/construction/>

Southern Oregon University: <https://inside.sou.edu/fmp/index.html>

University of Oregon: <https://cpfm.uoregon.edu/>

Western Oregon University: <http://www.wou.edu/planning/>

Universities rely on capital improvements and integrated 10-year master plans to ensure the academic mission of the institution is deeply integrated in any changes contemplated to the physical environment. They set guiding principles and establish assessment tools. The opportunities and goals of comprehensive capital and master plans always exceed the available resources. To set specific direction, most campuses maintain institutional advisory committees to assess projects individually on a biennium-to-biennium basis. These committees are generally inclusive of the university community and frequently offer opportunities for widespread feedback. Factors often considered by campus planning committees and staff include:

- Alignment with statewide educational goals as established by the Governor, legislature and the HECC's strategic plan and rubric;
- Emergency and urgent needs, typically deferred maintenance;
- Impact on student success;
- Key initiatives from university leadership;
- New or expanded programs that address the demands of the state's workforce and align with the academic mission of the university;
- Community interest and engagement;
- Philanthropic opportunities; and
- Sustainability enhancements.

The universities look forward to working with the HECC as it contemplates strategies for multi-biennial capital projects and recommending improvements to the legacy HECC rubric (to improve objectivity and scoring methodology).

**Background**

ORS 370.175 gives the HECC authority to “Each biennium, after receiving funding requests from the state’s community colleges and public universities as authorized by law, recommend to the Governor a consolidated higher education budget request aligned with the strategic plan described in paragraph (d) of this subsection, including appropriations for:” ... “Capital improvements and deferred maintenance.” More recently, the legislature attached a budget note to Senate Bill 5702 (2018) directing the HECC to "report to the Emergency Board in May 2018 on the statewide criteria developed to evaluate and prioritize Public University capital requests". Given the extensive master planning done by the public universities, we are both in the best position to, and eager to, work with the HECC to ensure the resulting rubric captures our robust planning processes.

Universities partially or wholly fund capital construction and capital maintenance projects with four main types of state-issued government bonds.

Type of Bond	How bond is paid	Uses
Article XI - G	State dollars matched dollar-for-dollar by private or university funds.	<b>Must</b> be used for education and general space.
Article XI - Q	Does not require university or private match. Paid through combination of state and university funds.	<b>Must</b> be used for education and general space.
Article XI - F	State backed bond. University pays debt service.	Flexible use, may be used for auxiliary spaces.
Lottery	State backed bond. Debt service paid with lottery revenue.	Flexible use, but infrequently received by public universities.

The Oregon Legislature typically issues Article XI-F bonds in any amount, provided the university can demonstrate the ability to pay. They are frequently used for revenue generating projects such as residential housing, athletics facilities, and parking structures. Article XI-G and XI-Q bonds are more competitive and are limited by state capacity, which is informed by the State Debt Policy Advisory Committee.

Since the HECC began working with public universities on capital investments, the state has allocated over \$550 million in G, Q and lottery bonds (state financed bonds). These bonds leverage critical philanthropy funding. Over the past four years, universities augmented state funds with over \$230 million in outside investments.

Biennium	Amount of XI-G, XI-Q, Lottery bonds	Matching Funds	Total investment
2015 - 2017	\$255,000,000	\$101,100,000	\$356,100,000
2017 - 2019	\$331,725,000	\$131,000,000	\$462,725,000

We look forward to working with HECC to enable the most efficient and effective capital improvements strategy, and execution. The current planning, scoring, and allocation processes for capital improvements and deferred maintenance are the life blood of student success and research program outcomes.