HIGHER EDUCATION COORDINATING COMMISSION
March 15, 2018
Docket # 5.1

Docket Item:

2019 University Capital Prioritization

Summary:

As part of its biennial budget development process, ORS 352.089 (5) requires:

> *A public university listed in ORS 352.002 that wishes to request the issuance of state bonds, including a university with a governing board that elects to remain eligible to receive proceeds of state bonds under ORS 352.402, must make a request to this effect to an office designated by the Higher Education Coordinating Commission as being responsible for university coordination. The office shall establish a process for reviewing the request to issue state bonds and submit the request to the commission. The commission shall decide whether, and in what manner, to make a request for the issuance of state bonds to the Legislative Assembly.*

In recognition of the limited resource nature of state-funded debt service, a prioritization process that includes a scoring rubric has been established for projects for which state-funded debt service or appropriations are sought. Once approved by the Funding & Achievement Subcommittee (F&A) that rubric is applied to projects eligible for prioritization, resulting in a rank-ordered list of university capital requests. This staff-generated priority list contributes to F&A deliberation on the final prioritized project roster to be forwarded to the full Commission for consideration. A final list is advanced to the Governor as part of the HECC Agency Request Budget (ARB).

Staff is proposing a similar process for the prioritization of projects that may be included in the 2019-21 ARB. This process would, at a minimum, include the following elements:

- Commission: Review of proposed capital policy and rubric. (December 2017)
- Funding & Achievement Subcommittee: Adoption of a project scoring rubric. (March 2018)

- Universities: Development and submittal of capital requests according to guidance provided by HECC staff.
- University Presidents, or their designees: Collectively place projects in tiers of priority. Tier 1 represents those projects to be considered by the HECC for prioritization.
- HECC staff: Completes site visits at each university to ensure accuracy and completeness of capital request submissions.
- HECC staff: Applies scoring rubric to project requests, assembling a prioritized list for Commission consideration.
- Funding & Achievement Subcommittee: Considers staff-prioritized list and advances a recommendation to the full Commission.
- Full Commission: Consider project roster for inclusion in the ARB.

For 2019-21, staff is proposing several updates to the scoring rubric to more clearly establish scoring criteria. These updates include:

- Section F – Staff proposes clarifying this section as a measure each project's focus on student success, with special emphasis on underserved populations that are similarly emphasized in the Student Success and Completion Model.
- Section H – Staff proposes greater specificity on the use of this section to include evaluation of the project's contributions, if any, to State goals that are not otherwise incorporated into the rubric. Projects receiving credit in this section may contribute to the educational, civic, cultural, and economic development goals of the State in a way that is not immediately connected to the HECC Priorities identified in Section B of the rubric.

The Commission has previously flagged several aspects of the rubric for discussion, including:

- Perception that the rubric has favored renovation projects over new construction;
- Disparity in fundraising capacity between institutions and related impact on rubric scores;
- Perception that the rubric may not recognize the importance of projects that are limited to site preparation for future investment.

In addition to these proposed rubric changes, staff will issue to the institutions revised project information requirements designed to better organize project requests and facilitate clearer and more efficient application of the scoring rubric. Staff views this as an opportunity to improve the clarity and efficiency of the scoring

process, not as an attempt to limit or otherwise modify the nature of information contained in the project submittals relative to past prioritization cycles.

Docket Material (Attached)**:**

- Capital Prioritization Policy Statement
- Draft Capital Prioritization Scoring Rubric
- Draft Capital budget project information request

Staff Recommendation:

Staff recommends either of two actions:

- Adopt the staff proposed rubric as presented.
- Adopt the staff proposed rubric with direction that staff incorporate any changes requested by the Subcommittee at its March 15, 2018 meeting.