



March 13, 2018

Neil Bryant, Chair  
Oregon Higher Education Coordinating Commission  
255 Capitol Street NE, Third Floor  
Salem OR 97310

RE: *Capital Allocation Rubric*

Dear Chair Bryant:

Oregon's technical and regional universities (TRU) discharge a unique and indispensable role in ensuring that Oregonians succeed. Not only do TRUs offer a supportive and accessible environment for thousands of Oregonians—many first-generation, rural, or underserved—but the university campuses also have a profound impact on the communities in which the four TRUs are located. A fair, transparent and rational capital allocation rubric, therefore, is of paramount importance to the thousands of Oregonians and the communities that call a TRU campus home.

At the outset, we, the TRU presidents collectively, must stress our support for a fair, transparent and rational capital allocation rubric that aligns projects with the HECC strategic plan and access, success, and safety for Oregon's students. Every effort to establish a rational, predictable and responsible system for the expenditure of precious and finite public resources should be pursued. We look forward to a productive partnership with the HECC, commissioners, and staff to identify capital priorities that demonstrate fidelity to the state's students, institutions, and stewardship of current resources.

Below we offer some brief, specific comments on the draft capital allocation rubric as it is currently conceived. The TRU campuses also have general comments about the capital allocation process that should be incorporated into any consideration of a scoring rubric.

- First, it is of vital importance that the capital allocation process be conducted in the most open and transparent manner possible. All campuses, and the public, must understand how the HECC recommends and ranks projects. Any and all scorings should be explained in writing. Any and all scoresheets should be publicly available, even on the HECC's website.
- Second, related to process transparency, each section of the rubric should offer an explanation or statement defining success. Explanations of how points will be allocated for each section of the rubric will enhance objectivity and fairness, as well as permit the extensive campus-based planning processes to run even more effectively.

- Third, we believe deferred maintenance and capital renewal continues to be the primary need of all of Oregon's public universities. Separate from the capital repair allocation, which, in the past, all public universities prioritized as the number one need, we believe deferred maintenance and capital renewal can be incorporated into the rubric, as well, and we offer our suggestions as to how to accomplish that.
- Finally, we believe that public university representatives should join HECC staff, including, but not limited to the HECC's Director of University Finance, in scoring the projects. Open participation in the capital allocation process will lead to a more informed, objective distribution of the state's bonding capacity.

As such, in addition to the general observations regarding the capital allocation process, we offer the following specific suggestions relating to the capital rubric posted on the HECC's website at [http://www.oregon.gov/highered/about/Documents/Commission/FA/2018/03\\_Mar-15-18/5.1a%20Draft%20rubric.pdf](http://www.oregon.gov/highered/about/Documents/Commission/FA/2018/03_Mar-15-18/5.1a%20Draft%20rubric.pdf) for HECC's consideration:

- (1) Section A should be moved to the preamble. The statements offer important context to the endeavor, but there are no points in Section A; the rubric should include clear sections, clear explanations and the points available in each section.
- (2) Section B is a critical element to the rubric. As stated above, we believe clear explanations of each section are important and connecting the rubric to the HECC strategic plan is vital. We believe, however, that Section F should be collapsed into Section B. We also ask for clarification and a clear, concise objective explanation of two of the sub-points. First, the TRUs are curious as to the data or information that the HECC uses to score "eases capacity constraint within entire system." Second, we also suggest some explanation or criteria for the "supports student completion" sub-point. How does HECC score this in a *capital* rubric? Is data required?
- (3) Sections C and D strike at the core of statewide stewardship of public resources and should be consolidated and highlighted in the HECC rubric. In addition to the capital repair dollars discussed previously, this reimagined section could also speak to substantial deferred maintenance requirements by the public universities. We recommend the sections be combined into "Effective Asset Management" or "Large Project Rehabilitation" to focus on life, safety, code compliance, and cost savings. This combined section should be the most important in total points.
- (4) Although the tranche structure makes sense in this section, Section E should not play a significant or oversized role in the HECC's rubric. The other sections are far more important to the HECC strategic plan and statewide assets. We offer two recommendations: (a) Reduce the available points from 20 to 10 and (b) use the term 'public university' rather than 'campus' in the description. 'Public university' is the statutory term and the 'public university' is the entity making the request.

(5) Section G, addressing philanthropy's impact, should be nuanced in order to offer incentive to universities with less philanthropic capacity, as well as ensure that it does not completely drive the rubric. Right now, there is incentive for a 10%, 25% or 50% match. By changing the increments to 5%, there could be some incentive to pushing from 10% match to 15% match. So, for example, 10% match could be four (4) points, but instead of waiting for a 25% match, a 15% match could get five (5) points and a 20% match could get six (6) points.

Finally, we must share our collective opposition to creating a separate line for OSU-Cascades in the capital allocation rubric. We believe the seven statutory public universities should offer capital projects to be scored in the rubric and the management of branch campuses, centers, institutes or other locations should be part of the campus's strategic responsibility. Just as OIT needs to manage its Portland-Metro campus in Wilsonville, (which also received state support from the Oregon legislature) and the University of Oregon needs to manage its White Stag location in Portland, Oregon State University should strategically manage its branches in Bend, growing presence in Portland and Newport and make capital requests on behalf of all.

With finite resources, we must convey profound concern over adding an eighth campus to the capital rubric. There were unique circumstances for adding a regional support increment in the old operating allocation formula (the former State Board of Higher Education's Resource Allocation Model) for Oregon State University's presence in Bend and there is not a compelling correlation to a capital allocation rubric.

We trust, looking to the future, we all can strive for fair, transparent, data-driven, objective processes for the benefit of Oregon's students.



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