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**Docket Item:**

Discussion of the Revised University Capital Rubric

**Summary:**

The HECC's existing rubric for ranking state capital requests from Oregon public universities was the product of a lengthy and collaborative process. The rubric requires updating to align with the recent and ongoing development of the HECC's 10-year Strategic Capital Development Plan, along with other state priorities. A summary of staff-recommended revisions to the rubric is included, along with a more detailed version of the recommended rubric (Appendix). An updated timeline is included as well.

**Docket Material:**

**HECC University Capital Principles**

The HECC's prioritization of capital projects will focus on aligning incentives for the universities with the state's strategic capital plan. The prioritization process is not a distribution model. All state-backed debt will support Education and General (E&G) space and support program needs for the 21<sup>st</sup> century, extend the capacity of existing facilities to support student success, and align capital investments with workforce and economic development needs.

Projects that demonstrate the following will be prioritized:

- Capital renewal approach that repurposes existing space
- Operational cost savings along with safety and security
- Public-private and multi-party collaborations
- Leveraging of private resources and institutional funds

**Existing Rubric**

The existing rubric was most recently evaluated in the spring of 2018. As part of that process, HECC staff and the Commission considered more than 40 suggested improvements. Following consideration of all comments and suggestions from stakeholders, the current capital scoring rubric was created. The two major changes from the previous version included more emphasis on student success and the inclusion of civic, cultural and economic development projects.

The current rubric, which awards up to 100 points for each project, is divided into eight categories, listed below with the points available for each section:

- A. Compliance with HECC and Institutional Strategic or Master Plans (Pass/Final). Any projects failing this item will not proceed farther in the rubric.
- B. HECC Priorities (Up to 30 points) divided into the following categories: (1) Easing Capacity Constraints (Up to 10 points), (2) Supporting Student Completion (Up to 10 points), (3) Supporting Research and Economic Development (Up to 5 points) and (4) Collaboration Between Educational Institutions (Up to 5 points)
- C. Cost Savings (Up to 10 points)
- D. Life, Safety and Code Compliance (Up to 10 points)
- E. Institutional Priority (Up to 20 points)
- F. Clear Identification of Student Focus (Up to 5 points)
- G. Leveraging Dollars (Up to 15 points)
- H. Strategic Priority (Up to 10 points)

### **Revised Rubric**

Overall, the pass/fail component of compliance with an institution's master plan, noted as section A in the current rubric, was removed as superfluous. Additionally, the existing strategic priority component, noted as section H in the current rubric, is absorbed within the revised component that speaks to the project's alignment with the HECC's 10-year Strategic Capital Development Plan.

### **52% Based on Alignment with Strategic Capital Development Plan**

The proposed rubric recommends that 52% of points are available to projects based on their alignment with the state's Strategic Capital Development Plan, including their focus on reducing deferred maintenance needs. Of those 52 points, the following allocations are proposed:

- 24 points – Space renewal, workforce or completion priorities
- 12 points – Deferred Maintenance Reduction/Planning
- 8 points – Collaboration between educational institutions
- 8 points – Supporting research and economic development capacity

These categories and their associated point values are likely to be adjusted and/or further detailed based on the conclusion of the 10-year Strategic Capital Plan.

### **48% Based on Other State Priorities**

The other 48% of the rubric is allocated to other values that are considered important to achieving state priorities. These priorities and the accompanying allocations include:

- 15 points – Leveraging private resources and institutional funds
- 10 points – Student Success for Underserved Populations
- 10 points – Life safety, security, code compliance and/or loss of use
- 8 points – Operational savings and sustainability
- 5 points – Institutional priority

### **Comparison to Existing Rubric**

The appendix includes a detailed version of the revised rubric for consideration. A summary of the changes from the existing rubric to the recommended rubric is included below.

**Section A and H** – removed

**Section B** – Strategic Capital Development Plan – revised to focus on alignment with the Strategic Capital Development Plan; value increased to 52 points; although the plan development is still under way, the elements included should be compatible to the report findings. The report will also focus on deferred maintenance (DM). DM is in two parts which includes not only the reduction of DM but also the commitment by an institution to create a DM buy down account to fund future DM on the facility under consideration.

**Section C** –Operational Savings – revised to focus solely on operational savings; value reduced to 8 points; deferred maintenance was moved to section B as noted above.

**Section D** – Life Safety, Security, Code Compliance and/or Loss of Use – expanded to include security upgrades as part of a facility renovation and the imminent loss of use due to facility deficiencies as elements in the component.

**Section E** – Institutional Priority – simplified to award points for an institution’s top 3 priorities; value reduced to 5 points.

**Section F** – Student Success for Underserved Populations – clarified to focus on underserved populations consistent with the existing Student Success and Completion (SSCM) funding model; targeted populations include low income students, underrepresented minorities, rural students and veterans; value increased to 10 points.

**Section G** – Leveraging Private Resources and Institutional Funds – revised to include different matching ranges based on the type of institution to acknowledge the differing abilities of institutions to raise external funding.

**Proposed Timeline**

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|--------------|--|
| September 15 | Draft of project report to HECC staff in mid to late September   |
| October 9    | Presentation of Strategic Capital Development Plan report to F&A Subcommittee and<br>Consideration of revised capital rubric |
| October 21   | Deadline for project submissions   |
| December 11  | Consideration of prioritized list by HECC  |
| December 13  | Submit prioritized list to Legislative and DAS staff   |

**Staff Recommendation:**

Discussion only. Commission adoption expected in October, following completion of the Strategic Capital Development Plan and potential additional incorporation of its findings/recommendations into the new rubric.

**Appendix: Revised 2019-2021 University Capital Project Rubric**

**A Strategic Capital Development Plan**

**1-52 Points**

<b>Points</b>	<b>Components within the Plan</b>
24	<p><b>Space renewal, workforce or completion priorities</b></p> <p>Examples could be proposals that increases the efficiency and effectiveness of educational and general space. Or addresses workforce needs pursuant to the SCDP. Or supports student success and degree completion numbers pursuant to the 40-40-20 Strategic Plan.</p>
12	<p><b>Addressing deferred maintenance issues</b></p> <p>This could be tied to either the reduction of deferred maintenance at an institution or the creation of a deferred maintenance set aside account to proactively address future deferred maintenance needs.</p>
8	<p><b>Supports the research and economic development capacity of the institution</b></p> <p>Examples could be the development of innovation districts tied to the creation and expansion of employment opportunities. Or supporting degree programs that are important to employers. Or if a project maps to academic pathways as referenced in the SCDP.</p>
8	<p><b>Collaboration between the public universities and interested parties</b></p> <p>This could be collaborative efforts between the university and other public service entities (or related parties) or the creation of consortia.</p>

**B Operational Savings and Sustainability**

**1-8 Points**

Projects are scored based on cost savings generated by operational savings. Proposal drives operational savings including sustainability.

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**C** **Life Safety, Security, Code Compliance and/or Loss of Use**  
**1-10 Points**

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Projects are scored based on the priority of the project to meet life, safety and code compliance needs of mission critical items, including lifecycle cost analysis or projects that support key programs and initiatives.

1. **Life Safety.** For a project to be considered critical, the project must predominantly address facility deficiencies (code compliance) related to the health, safety, and welfare of the occupants and the public. The request will be considered as to the significance of the hazard or risk the facility conditions pose and the immediacy of the period requested to address those concerns.
2. **Security.** The proposal supports a safe and secure environment in all buildings and grounds owned, leased and/or operated by the universities. The proposal promotes safety through policies and programs. The proposal safeguards the university's property and physical assets.
3. **Code Compliance and/or Loss of Use.** A project may be considered critical if it addresses imminent loss of use due to facility deficiencies. These can include mechanical, electrical, or structural systems as well as the accreditation requirements of a program. Critical loss of use projects would directly result in the inability of that program to function in the related area and/or maintain the funding necessary to sustain that program.

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**D** **Institutional Priority**  
**1-5 Points**

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Each institution will identify the top three projects from only the tier one category as defined by the university presidents:

- 5 points – 1<sup>st</sup> priority
- 3 points – 2<sup>nd</sup> priority
- 1 points – 3<sup>rd</sup> priority

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**E Student Success for Underserved Populations**

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**1-10 Points**

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Projects are based on the focus or expected impact of the project on student success, with special emphasis on those underserved populations that are similarly emphasized in the Student Success and Completion Model such as, clear links to higher degree and certificate attainment tied to the following targeted populations:

1. Low income
2. Underrepresented minority
3. Rural
4. Veteran

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**F Leveraging Institutional Resources**

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**1-15 Points**

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External funding should be a factor in prioritizing projects, but should not inappropriately determine institutional or HECC priorities. The campus match component identifies a minimum percentage of project costs to be borne by the institution, ideally from private funding. Technical and Regional institutions have an adjusted matching schedule to acknowledge a smaller private funding base in the rural communities of the state.

Ten points are based on the level of matching and five points are based on the availability of funds according to the scheduled below.

<b>OSU, UO and PSU Matching</b>	
<b>% Match</b>	<b>Points</b>
35% or over	10
25%	8
20%	6
15%	5
10%	4
0%	0

**OR**

<b>Technical Regional Matching (EOU, SOU, OIT, WOU)</b>	
<b>% Match</b>	<b>Points</b>
5% or more	10
4%	8
3%	6
2%	4
1%	2

**AND**

<b>Majority pledged or in hand verified in proposal</b>	
<b>% Match</b>	<b>Points</b>
100% add	5
75% add	4
50% add	3
25% add	2
0%>=10% add	1
0%	0

**Total Potential Points      100 Points**