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**Docket Item:**

Proposed Public University Capital Rubric

**Summary:**

The existing capital rubric was the product of a lengthy and collaborative process. As the result of the development of a plan intended to guide capital investments during the next decade, the rubric should be updated to more closely align with the state's strategic priorities. A summary of the staff recommended revisions is included with a more detailed version of the proposed rubric in the Appendix.

**Docket Material:**

**HECC University Capital Principles**

The prioritization of capital projects will focus on aligning economic incentives of the institutions with the state's strategic capital plan. The prioritization process is not a distribution model. All state-backed debt will support 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 last 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 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, each listed below with the relevant points available for each category:

- 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)

### **Institutional Input**

Ideally the strategic capital development plan would have been created first and then followed by the creation of a revised rubric. However, the timeline was such that the rubric had to be reconsidered in conjunction with the creation of the plan. As a result, over a number of months, HECC staff engaged in dialogue with the institutions across multiple teleconferences, group meetings, conversations, phone calls and e-mail exchanges to consider potential revisions to the rubric based on developments resulting from the plan's creation.

### **Proposed 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. And the existing strategic priority component, noted as section H in the current rubric, was absorbed in to the revised component that speaks to the project's alignment with the Strategic Capital Development Plan.

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

With that, the proposed rubric recommends a larger share of the scoring align with the state's strategic capital development plan allocating 52% of the total to plan alignment including a focus on deferred maintenance. Of those 52 points, the following allocations are made:

- 24 points – Space renewal, workforce or completion priorities
- 12 points – Addressing deferred maintenance issues
- 8 points – Supports research and economic development
- 8 points – Collaboration with interested parties

### **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 institutional resources
- 10 points – Student Success for Underserved Populations
- 10 points – Life safety, security, 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. Deferred maintenance (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 on operational savings and sustainability; value reduced to 8 points; deferred maintenance was moved to section B as noted above.

**Section D** – Life Safety, Security, 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 Institutional Resources – revised to include different matching ranges based on the type of institution and the type of project to acknowledge the differing abilities of institutions to raise external funding.

**Instruction Manual**

An instructional manual, designed to accompany the rubric, will provide more guidance and additional details for the institutions on each rubric component. The instruction manual includes references to the strategic capital plan as appropriate.

**Proposed Timeline**

October 21	Deadline for project submissions
December 11	Consideration of prioritized list by HECC
December 13	Submission of prioritized list to Legislative and DAS staff

**Staff Recommendation:**

Adopt as presented. Forward to commission for consideration.

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


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**A Strategic Capital Development Plan**


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**1-52 Points**


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<b>Points</b>	<b>Components within the Plan</b>
24	<p><b>Space renewal, workforce or completion priorities</b></p> <p>Proposals that increase the efficiency and effectiveness of educational and general space as measured by space utilization statistics. Or address workforce needs pursuant to the SCDP as demonstrated by the measured gaps in completers versus job openings. Or support 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>Proposals that either reduce deferred maintenance or lead the institution to create a deferred maintenance set aside account to proactively address future deferred maintenance needs.</p>
8	<p><b>Supports research and economic development</b></p> <p>Proposals that develop space in support of the expansion of research efforts or the potential for additional research grant funding. Or create and expand employment opportunities relative to economy and workforce needs indicated in the SCDP by institution. Or support degree programs that are important to employers.</p>
8	<p><b>Collaboration with interested parties</b></p> <p>Proposals that include collaborative efforts between the university and other public service entities (or related parties) or the creation of consortia.</p>

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**B** **Operational Savings and Sustainability****1-8 Points**

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Projects are scored based on cost savings generated by operational savings. Or the potential for sustainability. Sustainability is defined as the ability to support continued efficiency or a project that possesses the quality of not being harmful to the environment or depleting natural resources.

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**C** **Life Safety, Security, 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. **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**  
**1-10 Points**

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Projects are considered based on the expected impact of the project on student success as defined by degree or certificate attainment or the reduction of equity gaps, with special emphasis on those underserved populations that are similarly emphasized in the Student Success and Completion Model:

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

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**F**                      **Leveraging Institutional Resources**  
**1-15 Points**

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External funding should be a factor in prioritizing projects, but should not inappropriately determine institutional or state priorities. The campus match component identifies a minimum percentage of project costs to be borne by the institution, ideally from external funding which could include grants, donations or other funds not derived from institutional or state resources.

Technical and Regional institutions have an adjusted matching schedule to acknowledge a smaller external funding base in the rural communities of the state. The matching expectation is also adjusted by the type of project whether it is new construction or the major renovation of an existing facility.

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

<b>OSU and UO Matching</b>		
<b>% Match</b>	<b>New Construction</b>	<b>Major Renovation</b>
25% or over	10	10
24%	8	10
15%	6	10
10%	5	9
5%	4	5

<b>PSU Matching</b>		
<b>% Match</b>	<b>New Construction</b>	<b>Major Renovation</b>
15% or over	10	10
12%	8	10
9%	6	10
6%	5	9
3%	4	5

**OR**

<b>Technical Regional Matching (EOU, SOU, OIT, WOU)</b>		
<b>% Match</b>	<b>New Construction</b>	<b>Major Renovation</b>
5% or more	10	10
4%	8	10
3%	6	10
2%	4	7
1%	2	5

**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**