Oregon Council of Presidents

Date: October 9, 2019

To: Commissioner Duncan Wyse, Chair, Higher Education Coordinating Commission Finance & Achievement Subcommittee
From: Dana Richardson, Executive Director, Oregon Council of Presidents
Re: Initial Response to Strategic Capital Development Plan

Thank you for the opportunity to provide feedback on the recently issued Strategic Capital Development Plan (SCDP) commissioned by the HECC. We appreciate the hard work of the consultants and staff of the HECC. The report is thorough and provides helpful direction to commissioners, institutions, advocates and stakeholders.

Given the short amount of time that universities have had to review and circulate the SCDP to campus constituencies, please accept the following comments as initial thoughts on the Plan. We look forward to providing additional comment in the future, particularly around impacts to program offerings and institutional missions, as we work with the Commission to examine and gain a more complete understanding of the recommendations.

The report accurately conveys the acute and increasing need for renovation, resiliency and ADA investments across all of our campuses. The universities and this Commission have long recognized and prioritized the need for these investments. While the SCDP's key findings are largely driven by enrollment assumptions that are subject to significant volatility, much of the report and recommendations are supportive of investments in renovation, renewal, and replacement of the physical plants at Oregon's public universities. We look forward to our shared advocacy in support of these investments.

Similarly, the Plan underscores that existing institutional facilities have serious age, quality and suitability issues that compromise efficiency and effectiveness. We agree. In fact, conservative estimates of the deferred maintenance backlog at all seven public universities is in excess of $1 billion dollars. The stewardship model referenced in the SCDP recommends annual investments in facilities that are equivalent to 1.5% of current replacement value (CRV) for maintenance and 2.5% for capital renewal. Using the SCDP's figures for total CRV across all institutions of just over $10 billion, that would equal $152 million annually for maintenance and $254 million annually for capital renewal. The state has, on average, invested only a fraction of this amount. It is critical that we address this issue in order to enhance efficiencies, mitigate safety hazards including those related to seismic needs, improve access for students, staff and the public, and reduce future costs.

With that backdrop, there are items in the SCDP that merit further attention. These include a more nuanced assessment of enrollment drivers, the role of research, and data clarifications.

With regard to enrollment projections, there are factors beyond those addressed in the Plan's modeling that are worth considering. For instance, the HECC's workforce reports regularly point to the critical and growing need to improve strategies and expand access to retraining programs, continuing learning and adult attainment. Another important factor in forecasting higher education enrollment is the inverse correlation between employment rates and enrollment. It is not clear to us whether these factors were incorporated into the Plan's modeling and projections. We would be happy to have more in-depth conversations with this subcommittee about enrollment projections.

We would also like to call out the general lack of attention to the role of research on our campuses for graduate and undergraduate students. While a closer examination of research space and needs was generally outside the scope of this inquiry, it remains an important part of institutional missions and our contributions to the state and should be valued as this Commission considers capital investments.

Lastly, we are grateful that HECC staff have been entirely solicitous in accepting and relaying issues that campuses identified to correct capital data and information. Since this Plan will serve as a guide for a number of years, we hope that you will be willing to accept further corrections that may be identified.

We acknowledge there are many points of the report that are excellent. Overall, we welcome the observations of the authors and look forward to working collaboratively to seek state funds to renovate our campuses. As institutions work with the HECC and the Legislature to improve outcomes for students across Oregon, the independent validation of our collective need for facilities renovation is of critical importance. Thank you for undertaking this important work.