



Capital Construction Recommendations

2023-25 Biennium

Postsecondary Finance and Capital

June 2022

Overview

Background and Process

Community College Projects

Public University Projects

Agency Projects

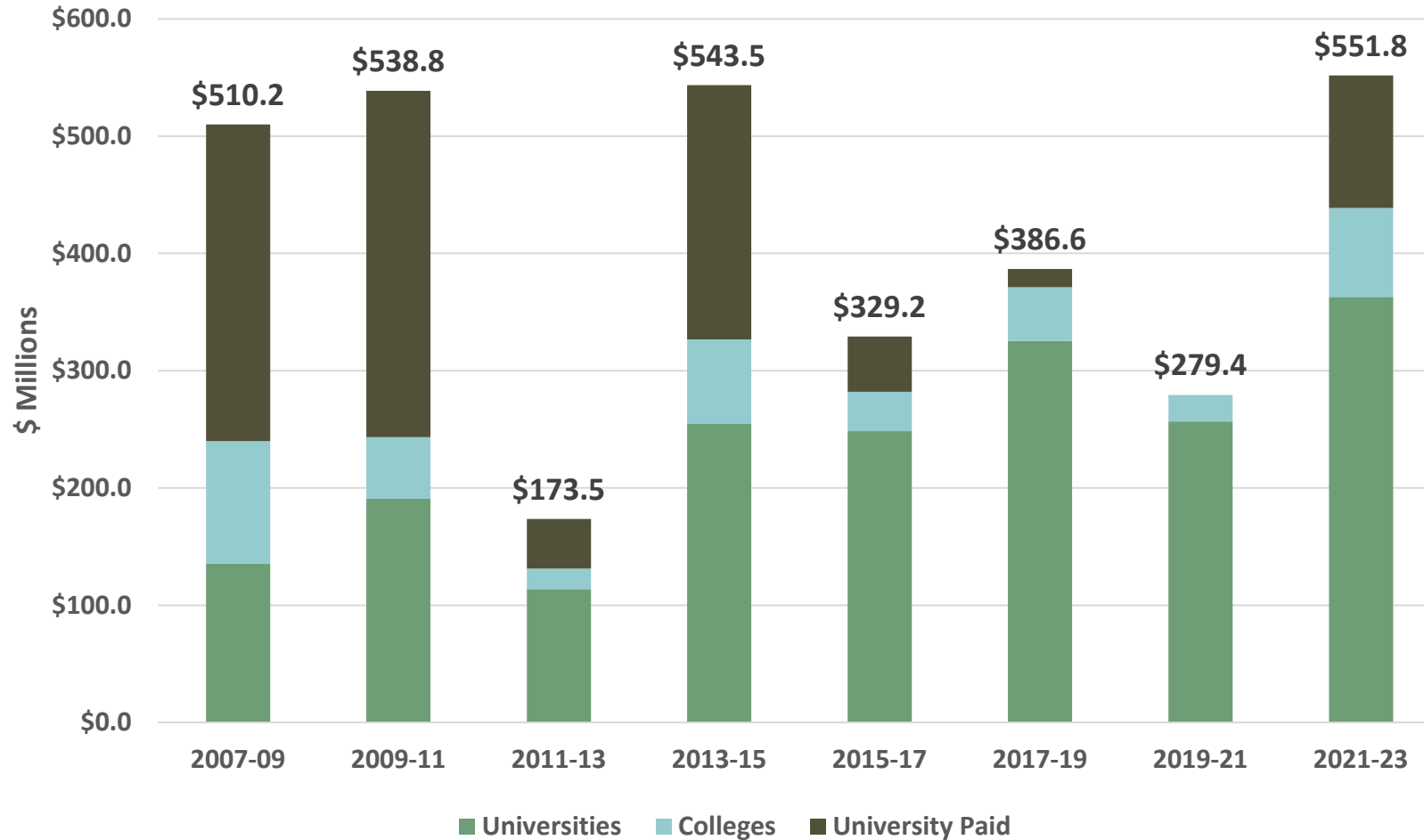
Detailed Rubrics

HECC Strategic Roadmap

- Transform and innovate to serve students and learners best.
- **Center higher education and workforce training capacity on current and future state needs.**
- Ensure that postsecondary learners can afford to meet their basic needs.
- Create and support a continuum of pathways from education and training to career.
- Increase public investment to meet Oregon's postsecondary goals.

\$3.3 Billion State Investment in Capital

State Issued Bonds for Postsecondary Education, 2009-2023



\$1.9B Universities (G, Q)

\$424M Comm. Colleges (G)

\$1.0B University Paid (F)

XI-F(1) BONDS – University Only

Backed by university revenues and can be utilized for non-E&G projects

University pays debt service

XI-G BONDS – Colleges and Universities

Institution must provide at least 1:1 match. Restricted to higher education.

State pays debt service

XI-Q BONDS – University Only

No matching requirement. Restricted to state-owned buildings.

State pays debt service

Notes: Data from DAS Capital and HECC staff. Does not include institutional funding, state cash funded projects, or local bonds.

What Progress Has Been Made?

(for the public universities)

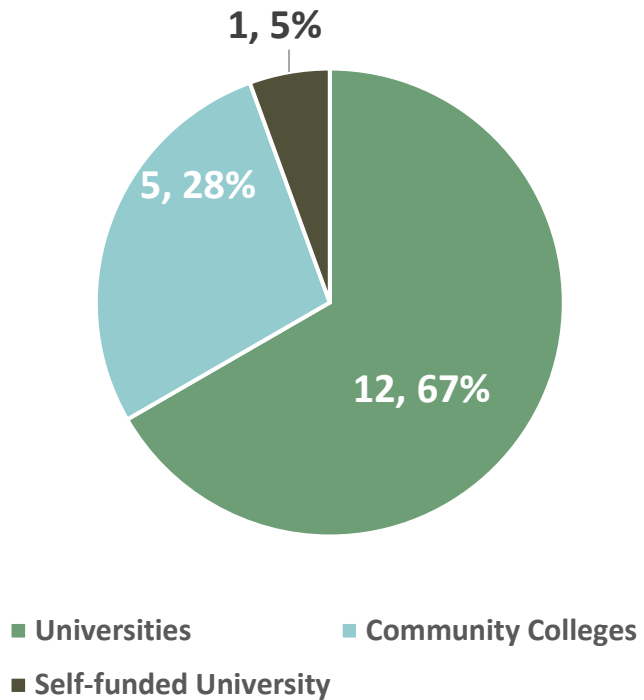
	Current Replacement Value – CRV (\$ millions)	Deferred Maintenance Backlog – DM (\$ millions)	Facility Condition Index (FCI)	Annual Renewal Requirement – ARR (\$ millions)
2002	\$2,971	\$592	19.9%	\$50
2012	\$4,230	\$528	12.5%	\$72
2019	\$10,158	\$966	9.5%	\$173
2022*	\$11,315	\$1,124	9.9%	\$192

*estimated. The facility condition index is DM divided by the CRV. Below 10% is ideal and indicative of facilities in generally good condition. The ARR is calculated based on the old OUS standard of 1.7% of CRV.

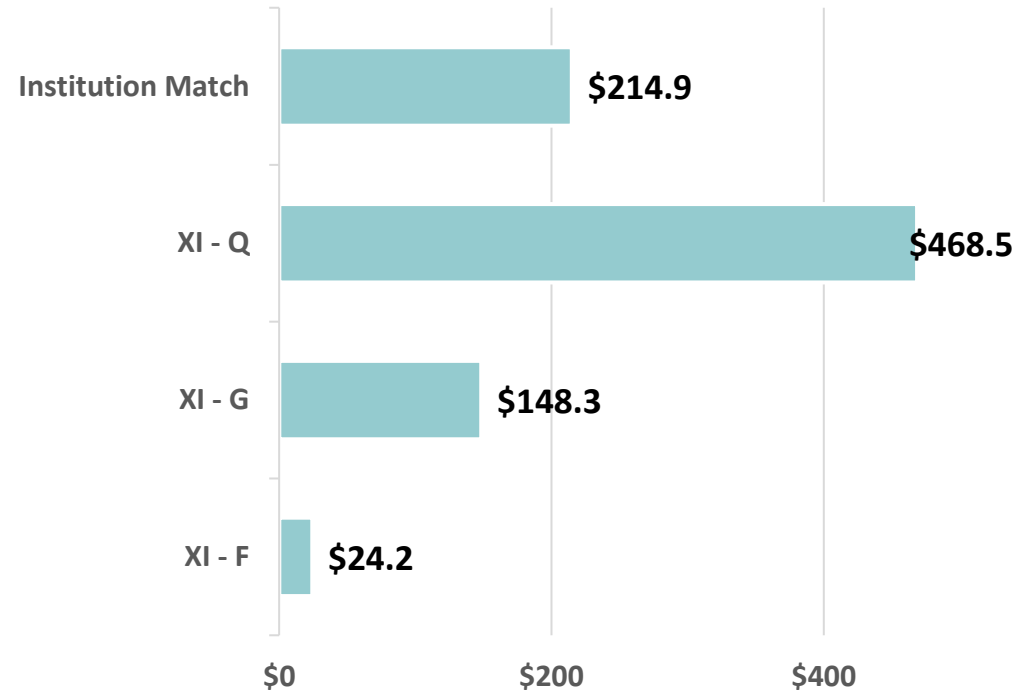
- The FCI has improved due to state investment
- The CRV has grown 3X faster than inflation from 2002 to 2019
- The ARR has averaged around 1.5% per year from 2007 to 2019 based on state investment

Overview of Projects Submitted

18 Submitted Projects



\$855.9 Million Total

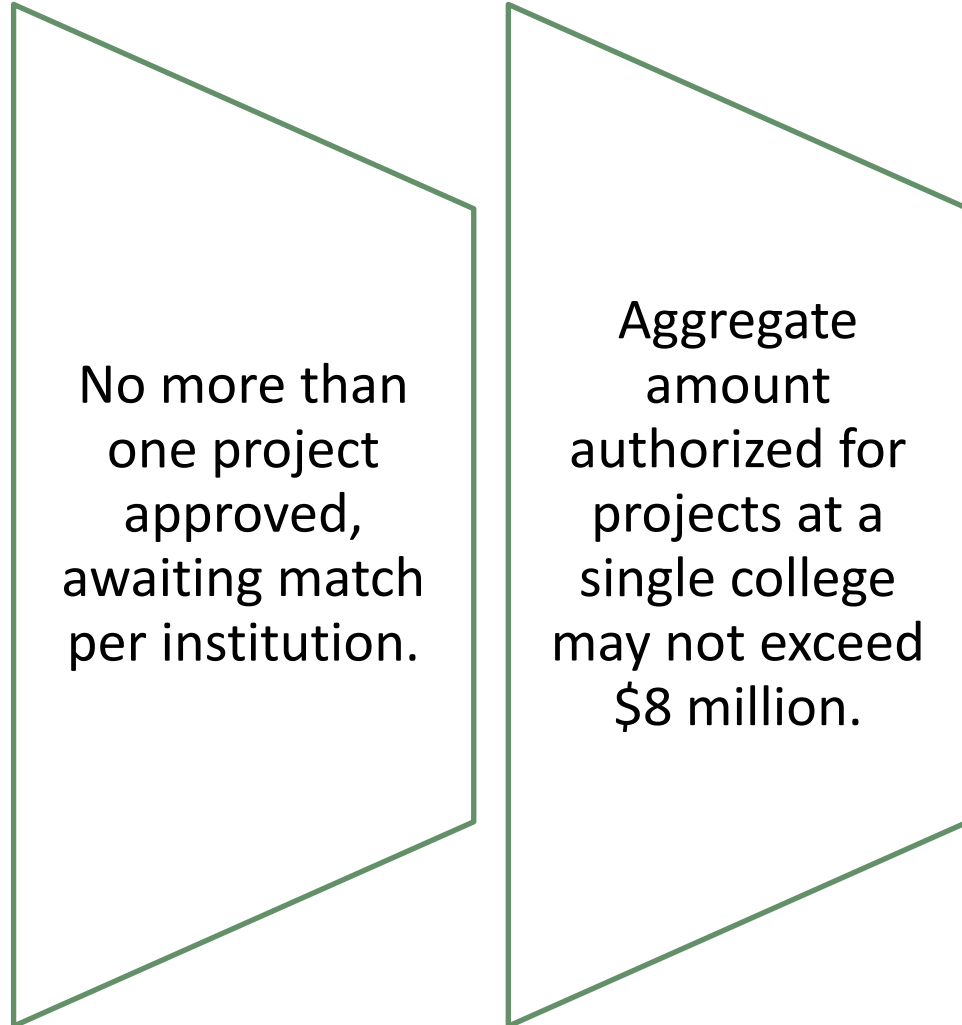


Eliminated Deferred Maintenance

Universities
\$232M

Colleges
\$73M

Community College Limitations



Note: Community college limitations from SB 5506 (2013 RS).

University Capital Principles

All state-backed debt will support the Strategic Plan through investments in education and student support spaces.

Institutions must plan for the ongoing operational and maintenance needs of their facilities.

State-backed debt will extend the useful life of current assets, expand the capacity to meet student needs, or further competitive advantages.

Process Timeline and Overview



Community Colleges

- The Commission is charged with approving all capital construction projects and listing them in priority order (OAR 589-003-0100).
- Projects ranked in collaboration with the colleges using a rubric in rule.

Public Universities

- Commission charged with establishing a process for reviewing requests (ORS 352.089).
- Projects ranked using a Commission-adopted rubric.

College Rubric

Administrative Rule Criteria
(1-51 points)

Presidents' Strategic Review
Criteria (1-25 points)

Due Diligence Criteria
(1-24 points)

University Rubric

Strategic Capital Development Plan
(1-52 points)

Operational Savings and Sustainability
(1-8 points)

Life safety, Security or Loss of Use
(1-10 points)

Institutional Priority
(1-5 points)

Student Success for Underserved
Populations (1-10 points)

Leveraging Institutional Resources
(1-15 points)

Detailed rubrics are included in the appendix.

Notes on Community College Projects Submitted

Focus on improvement and replacement

- Two projects are a blend of renovation and new, three projects are renovations reducing deferred maintenance

Focus on Technical Skills Development

- Of the five projects, four are related to STEM and technical skill development aligned with workforce needs. Three projects improve student success centers

\$86.7 million in institutional matching

- Most institutional matching comes from donor funds.

\$73 million in eliminated deferred maintenance

Prioritized Community College Projects

2023-25 Biennium, in \$ millions					
Priority and College		Project	XI-G Bonds	Institution Funds	Total Project Cost
1	Lane	Science Building Improvements	\$8.0	\$15.5	\$23.5
2	Southwestern	SUCCESS Project	\$8.0	\$14.7	\$22.7
3	Columbia Gorge	Facility Renovations	\$5.5	\$5.5	\$11.0
4	Umpqua	Welcome Center	\$8.0	\$9.4	\$17.4
5	Portland	Rock Creek Building Replacement	\$8.0	\$41.6	\$49.6
		TOTALS	\$37.5	\$86.7	\$124.2

Notes on Public University Projects Submitted

Focus on improvement and replacement

- Two projects are new construction while two include both renovations and new construction. All other projects focus on improvement and renewal.

Focus on STEM and student success

- Of the top five projects, three are primarily major renovations of STEM, and Health Sciences, two are Language, Arts and Mathematics based.

\$128.2 million in institutional matching

- Most institutional matching comes from donor funds.

\$232.5 million in eliminated deferred maintenance

Prioritized Public University Projects

2023-25 Biennium, in \$ millions

University and Score		Project	XI-Q Bonds	XI-G Bonds	Institution Funds	Total Project
ALL	-	Capital Improvement and Renewal	90.0	-	-	90.0
UO	98	Friendly Hall DM	67.9	7.5	7.5	83.0
OSU	94	Collaborative Innovation Complex	-	75.0	91.0	166.0
PSU	91	Vernier Science, Gateway (cost escalation)*	54.7	4.3	4.3	63.3
WOU	89	Health Sciences Renovation	40.9	1.3	1.3	43.5
SOU	87	Central Hall (cost escalation)*	13.4	0.7	0.7	14.8

*previously appropriated projects. Additional funding being requested.

Prioritized Public University Projects – Continued

2023-25 Biennium, in \$ millions

University and Score		Project	XI-Q Bonds	XI-G Bonds	Institution Funds	Total Project
SOU	86	Creative Industries/Student Success	40.8	1.1	1.1	43.0
OIT	85	Learning Resource Center Renovation	25.2	1.4	1.4	28.0
EOU	83	Loso Hall Renovation Phase II	36.2	1.2	1.2	38.5
WOU	82	Center for Human Achievement	26.9	0.9	0.9	28.7
OIT	80	Semon Hall Renovation	19.8	1.1	1.1	22.0
OSU-C	74	Health, Science, and Rec Center	30.0	15.0	15.0	60.0
OIT	73	Center for Student Success	22.7	1.3	1.3	25.2
Totals			468.5	110.8	126.7	706.0

Self-Funded University Projects

2023-25 Biennium, in \$ millions

	Project	XI-F Bonds	Institution Funds	Total Project
PSU	Smith Memorial Student Union	\$8.2	\$1.5	\$9.7
PSU	Vernier, Science, Gateway	\$16.0	*	*
	TOTALS	\$24.2	\$1.5	\$25.7

*This is in addition to the funding noted for this same project on the previous slide. Total project is \$79.3M.

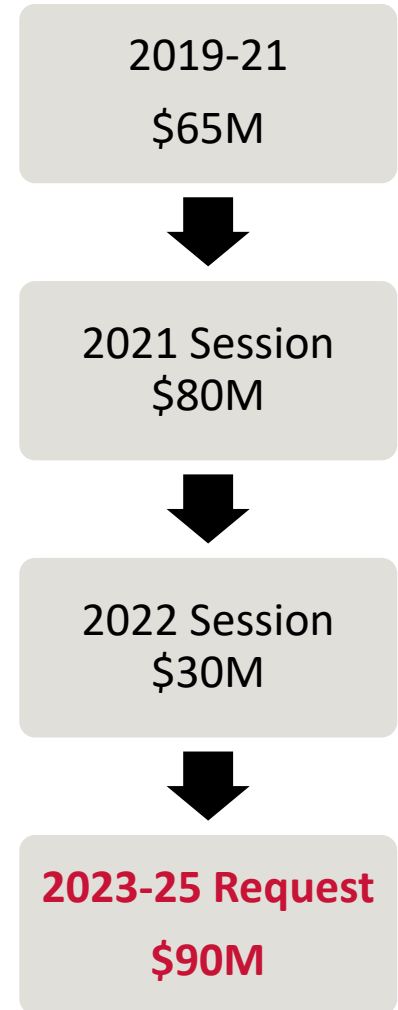
Article XI-F bond requests are not prioritized according to the rubric. However, HECC staff performs a revenue sufficiency analysis as part of the review process.

Capital Improvement and Renewal Funding

For code compliance, ADA/safety related issues, critical deferred maintenance

Allocated by adjusted E&G GSF and density factor

\$415M authorized (since 2009)



Comparison by Type of Project		
	CIR Projects	Rubric Projects
Bondable?	Yes	Yes
Involves Renewal and Improvement?	<u>Must</u> Involve	<u>May</u> Involve
Cost Structure?	Lower cost projects	Higher cost projects
Who decides?	Institution chooses priority consistent with bond requirements	Each project must be authorized by the Legislature
Funding distributed?	Legislature determines total funding amount; Funding allocated	Funding is appropriated by project

Financial Aid Management Information System (FAMIS) Modernization

Efficient, Effective Service for Students and Stakeholders

Update

Challenge:

40 year old system that processes the personal information of every Oregonian who completes state financial aid application(s).

Unsecure – dealing with personal information

Unreliable – lack of confidence in award notices

Unfriendly – Hard to navigate and complete

Inflexible – Difficult to make changes

It is *the* student financial aid IT platform through which we receive information, process applications, match data, make awards and notify students and institutions.

Solution: POP 401

FAMIS needs to be replaced with a financial aid system that is secure and has modern capabilities that will allow HECC to serve students and administer programs effectively and efficiently.

- 1) Stage 1 planning process complete
- 2) Gartner consultants and EIS concur *that*
- 3) Return on investment is 5 years

Cost: \$5M OF (XI-Q bonds), \$105K OF COI, \$867K GF Debt Service = \$5.972M TF



Appendix

Appendix: Community College Capital Rubric

Administrative Rule Criteria (1-51 points)

- 10 pts – Serves an instructional purpose
- 10 pts – Meets an important, demonstrated need
- 10 pts – Meets facilities need that can't be addressed
- 7 pts – Serves to complete a comprehensive facility
- 7 pts – Meets important, articulated objective of the college
- 7 pts – Reflects evidence of local needs assessment

Presidents' Strategic Review Criteria (1-25 points)

- 5 pts – Addresses safety and security on campus?
- 5 pts – Meets occupation, community or economic need?
- 5 pts – Includes collaboration?
- 5 pts – Intention to meet sustainability standards?
- 5 pts – Does the project support student services/spaces?

Due Diligence Criteria (1-24 points)

- 10 pts – Statement of need and statement of solution
- 5 pts – Facility features including gross square footage
- 3 pts – Costs including planning and programming
- 6 pts – Schedule, planning and financial considerations

Appendix: Public University Capital Rubric

Strategic Capital Development Plan
(1-52 points)

- 24 pts – Space renewal, workforce or completion priorities
- 12 pts – Addressing deferred maintenance issues
- 8 pts – Support research & economic development
- 8 pts – Collaboration with interested parties

Operational Savings and Sustainability
(1-8 points)

- Does the project reduce operational costs, support continued efficiency or increase the sustainability of the facility?

Life safety, Security or Loss of Use
(1-10 points)

- Does the project meet life, safety and code compliance needs of mission critical items or improve the security of the facility?

Institutional Priority
(1-5 points)

- What's the priority within the existing master plan?

Student Success for Underserved Populations
(1-10 points)

- How will the project impact the success of students from underserved populations?

Leveraging Institutional Resources
(1-15 points)

- Is the project funded by a campus match or pledged resources?