

Docket Item: 4.0

Capital Improvement and Renewal (CIR) Funding

Summary

This docket item provides an overview of the anticipated 2021-23 allocation of \$110 million in CIR funding to the public universities. The bond sale is expected to occur in spring 2023. A historical timeline of CIR funding is included in Appendix A for reference.

Docket Material

Capital improvement and renewal (CIR) funding is bond funding authorized by the Legislature to address modernization, code compliance, safety, and accessibility issues at the public universities. It is intended to help the universities maintain existing facilities and manage deferred maintenance backlogs. Capital projects funded with CIR dollars are not allowed to involve the acquisition of buildings, structures, or land.

The funding is distributed to the institutions based on two components: adjusted education and general (E&G) gross square feet (GSF) and a weighted density factor. Of the total, 85% is distributed based on adjusted E&G GSF with a simple proportional allocation. Adjusted E&G GSF excludes new construction and major renovations that have occurred during the past ten years. The remaining 15% is distributed based on a weighted density factor comprised of the sum total of full-time equivalent (FTE) students, faculty, and staff divided by adjusted E&G GSF then proportionally allocated.

A total of \$110 million has been authorized during the current biennium which includes \$80 million during the 2021 regular session as a base, an increase of \$15 million from the previous biennium, and \$30 million during the 2022 regular session to help mitigate extraordinary inflation in both construction labor and materials costs.

Based on recent data, the preliminary allocation by institution for adjusted E&G GSF is included in Table 1. These amounts could change with further validation or as updated information is included.

Table 1: Preliminary Allocation, Adjusted E&G GSF

Institution	2022 Adjusted E&G GSF	Proportion	Preliminary Allocation
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EOU	664,765	4.4%	4,106,525
OIT	612,146	4.0%	3,781,481
OSU	5,982,971	39.5%	36,959,281
PSU	2,257,171	14.9%	13,943,479
SOU	703,919	4.7%	4,348,397
UO	4,177,419	27.6%	25,805,643
WOU	737,395	4.9%	4,555,194
Totals	15,135,787	100%	\$93,500,000

The preliminary allocation for the weighted density factor is included in Table 2. The total preliminary allocation by institution is included in Table 3. These amounts could change with updated information.

Table 2: Preliminary Allocation, Weighted Density Factor

	Total FTE 2021	Density Ratio	Weighted Density Factor	Preliminary Allocation
EOU	2,409	0.0036	0.00016	421,009
OIT	3,455	0.0056	0.00023	603,907
OSU	34,192	0.0057	0.00226	5,976,127
PSU	19,420	0.0086	0.00128	3,394,306
SOU	3,876	0.0055	0.00026	677,387
UO	27,082	0.0065	0.00179	4,733,473
WOU	3,970	0.0054	0.00026	693,791
Totals	94,404		0.00624	\$16,500,000

Table 3: Preliminary Total Allocation

	2019-21	Preliminary 2021-23	Variance	
EOU	3,229,156	4,527,535	1,298,379	40.2%
OIT	3,548,556	4,385,387	836,831	23.6%
OSU	23,662,782	42,935,408	19,272,626	81.4%
PSU	9,797,693	17,337,784	7,540,091	77.0%
SOU	4,858,089	5,025,784	167,695	3.5%
UO	16,016,440	30,539,116	14,522,676	90.7%
WOU	3,887,284	5,248,975	1,361,701	35.0%
Totals	\$65,000,000	\$110,000,000	\$45,000,000	50.2%

Staff Recommendation

For discussion and informational purposes only.

Appendix A – Capital Improvement and Renewal (CIR) Timeline

Spring 2015 – 2015-17 Legislative Session

The Legislature authorized \$65 million in bond funding for capital renewal, code compliance, and safety to maintain facilities and manage deferred maintenance backlogs. These projects were not allowed to involve the acquisition of buildings, structure, or land. The HECC was directed to allocate the funds based on square footage in education and general (E&G) services facilities following past OUS practice.

December 2015 – Capital Repair and Renewal Accessibility Report

The Commission adopted a report on *Capital Repair and Renewal Accessibility Improvements*. The report recommended a clear, equitable and readily understood process for all stakeholders to ensure prudent control and distribution of state resources to meet the goals identified by the Legislature.

February 2017 – Distribution of 2015-17 CIR Funding

The \$65 million CIR funding was proportionally allocated based on education and general space at each university using data submitted by the institutions.

Spring 2017 – 2017-19 Legislative Session

The Legislature authorized \$50 million in bond funding for CIR intended to address deferred maintenance, code compliance, safety issues, and accessibility improvements. No direction was provided on how to allocate the funding. Stakeholders expressed an interest in developing a permanent allocation methodology consistent with the recommendations in the Commission-adopted report.

February 2019 – Creation of a Permanent Allocation Methodology

The HECC established a workgroup to consider and develop a way to allocate CIR funding. The workgroup recommended a distribution framework based 85% on a proportional allocation according to adjusted E&G gross square feet (GSF) and 15% based on a density factor comprised of students, faculty, and staff divided by E&G GSF. The rule has been adopted as OAR 715-013-0070. A CIR workgroup meets annually to review submitted data to discuss best practices.

History of CIR Funding	
Biennium	Amount (\$ millions)
2007-09	50.0
2009-11	20.3
2011-13	24.9
Subtotal, Lottery Bonds	\$95.2
2013-15	29.8

- XI-Q Bonds**
- No institution matching requirement.
 - Restricted to state-owned buildings.
 - State pays all debt service.

FUNDING AND ACHIEVEMENT SUBCOMMITTEE

October 12, 2022

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2015-17	65.0
2017-19	50.0
2019-21	65.0
2021-23	110.0
Subtotal, XI-Q Bonds	\$319.8
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Total CIR Funding	\$415.0