

# Community College Capital Essentials

Revised January 23, 2020

- State Law allows for a six year **limitation** on Community College bonding authority as noted in HB 5005 (2019) and HB 5006 (2019).
- Community College Bonds are derived by authority of **Article XI-G** of the Oregon Constitution.
- Community College Bonds are based on a **matching principle** up to a maximum allowable amount of \$8M.
- Matching sources may be from Lottery Bonds issued by the State, economic development funds appropriated by the Federal Government, tax levy determined by the local jurisdiction related to the community college, or other private donations.
- Current bond contracts (2019) allow for a **pay-as-you-go matching** for the reimbursement of project related expenditures aligned with the issuance data of the bond funds.
- The Legislature reauthorizes periodically the projects that have been proposed and not fully matched.
- **Joint Ways and Means Capital Construction** Subcommittee of the Legislature reviews each biennia new proposals for Community College capital construction. Ways and Means used a Budget Report each biennia to identify Community College approved capital projects.
- The **President's Council reviews** and approves the biennial package of Community College capital projects. These packages are presented through the Postsecondary Finance and Capital Department of the Higher Education Coordinating Commission in the Agency Request Budget.
- Community Colleges are separate entities from the State and **not considered Related Parties** in bond contracts.
- The **HECC Office of Postsecondary Finance and Capital** supports development of capital projects from concept initiation to reimbursement for the project expenditures, debt services and other related services.
- The **HECC Executive Director** presents each biennia the new proposals and reauthorizations for Community College Capital Projects to the Ways and Means Subcommittee.
- A copy of the current Community College **Bond Template** is included as an attachment.
- **Eligibility:** The Legislative intent is to rotate project approvals among the Community Colleges. So, if one Community College is approved for a project in one biennium, it has to wait one biennium before being eligible to ask for new bond funds. The Legislature has set specific timelines for frequency of proposal SB 5505-A (2017), as follows:

SECTION 9. (1) A community college for which one project to be funded with general obligation bonds authorized to be issued under Article XI-G of the Oregon Constitution is approved in this 2017 Act may not request approval of an additional project to be funded with general obligation bonds authorized to be issued under Article XI-G of the Oregon Constitution until the beginning of the regular session of the Legislative Assembly held in 2021, unless the community college withdraws the project approved under this 2017 Act.

(2) A community college for which two projects to be funded with general obligation bonds authorized to be issued under Article XI-G of the Oregon Constitution is approved in this 2017 Act may not request approval of an additional project to be funded with general obligation bonds authorized to be issued under Article XI-G of the Oregon Constitution until the beginning of the regular session of the Legislative Assembly held in 2025, unless the community college withdraws a project approved under this 2017 Act.

A flowchart of the **historical** process is attached:

## Community College Capital Prioritization Process

- *“The commission shall approve all capital construction requests...The commission shall list these projects in priority order”* (OAR 589-003-0100).
- HECC staff recommendations are based on institution-submitted information.
- Projects are ranked in collaboration with the institutions via a capital review committee.



And the current process updates are included below:

## Community College Capital Prioritization Process

- *“The commission shall approve all capital construction requests...The commission shall list these projects in priority order”* (OAR 589-003-0100).
- HECC staff recommendations are based on institution-submitted information.
- Projects are ranked in collaboration with the CCs and HECC Grading teams.



**APPENDIX B: 2019-2021 PUBLIC INSTITUTION CAPITAL BONDING AUTHORITY, DETAILS**

**Community College Capital Funding:** The LAB supports three new capital construction projects at Oregon’s community colleges, including the Central Oregon CC Classroom Building Redmond Campus, Klamath CC Apprenticeship and Industrial Trades Center, and the Treasure Valley CC Nursing-Allied Health Professions Center. It also reauthorizes eight previously approved projects under the Article XI-G bond program. These projects also include \$6.5M in new lottery bond issuance for Blue Mountain CC. The investment totals \$81.8M. Community Colleges are matching \$74.1M in capital investments.

<b>Oregon Community Colleges Capital Projects*</b>				
Institution	Project	XI-G (state paid requiring match)	Lottery Bonds	Total
BMCC	Facility for Agricultural Resource Management	\$6.6M	\$6.5M	\$13.1M
CCC	Marine Science Center Renovation & Expansion	\$8.1M		\$8.1M
COCC (new)	Classroom Building Redmond Campus	\$8.1M		\$8.1M
KCC (new)	Apprenticeship and Industrial Trades Center	\$4.0M		\$4.0M
LCC	Health Care Village Facility	\$8.1M		\$8.1M
MHCC	Maywood Park Center	\$8.1M		\$8.1M
OCCC	Workforce Education & Resiliency Center	\$8.1M		\$8.1M
PCC	Health Technology Building Renovation	\$8.1M		\$8.1M
SOCC	Sumner & Coaledo Halls Remodel	\$2.8M		\$2.8M
TVCC (new)	Nursing-Allied Health Professions Center	\$5.0M		\$5.0M
UCC	Industrial Technology Building	\$8.1M		\$8.1M
<b>Total</b>		<b>\$75.3M</b>	<b>\$6.5M</b>	<b>\$81.8</b>

\*Includes Cost of Issuance