

## FINANCING AGREEMENTS: PROVIDING FLEXIBILITY TO MEET THE 40-40-20 GOAL

### OUS Needs Diverse, Flexible and Readily Available Capital Financing Sources

Current law requires that the State Board of Higher Education obtain legislative authorization to enter into financing agreements in excess of \$100,000, even when repayment is made wholly from revenues of Oregon University System institutions. This adds unnecessary time to capital acquisitions leading to lost opportunities; it creates inefficiencies in capital planning due to the time needed to secure legislative approvals; and it adds unnecessary risks when attempting to secure outside philanthropy for joint funded capital projects. Having the capital resources to maintain, repair, renovate, purchase and construct needed facilities and infrastructure are key to meeting the universities' missions and the achievement of all of our students.

### SB 266 Provides Needed Flexibility for Financing Universities' Capital Needs

Senate Bill 266 creates new statutory language that allows the Oregon University System to enter into financing agreements in excess of \$100,000 without legislative authorization. This change would streamline one of the important avenues to capital financing available to Oregon universities, allowing for a more optimal execution of their capital plans, and reducing or eliminating the risks of lost opportunities with respect to property acquisition, donor contributions and other philanthropy. Obtaining this needed flexibility will help the OUS to achieve its 40-40-20 goal, and is in line with the Governor's Tight-Loose Concept: the state intends to be tight on the outcomes they expect as investors of public resources, but will give the institutions the flexibility, be loose, by giving them the latitude to achieve outcomes for all students regardless of ethnicity, home language, disability, or family income.

### Being Accountable: Mitigating University Risks

SB 266 also requires that universities maintain their levels of debt within Oregon State Board of Higher Education guidelines that are in line with industry standards. Before the issuance of any new financing agreements, a university would first have to demonstrate its ability to repay the financing agreement and show that the new debt payments are within the conservative guidelines set by the Board. No new financing agreements would be issued if a university could not demonstrate that they are meeting these policies.

Achieving the instruction, research and public service mission of the Oregon University System is everyone's collective goal. **Through prudent use of financing agreements for needed capital expenditures, the OUS can ensure the ability of its universities to serve our students, Oregon businesses, our governmental partners, and our local and state-wide communities and meet Oregon's important student, workforce, and economic outcomes.**