



Oregon
Kate Brown, Governor

Higher Education Coordinating Commission

Ben Cannon, Executive Director

775 Court Street NE

Salem, OR 97301

(503) 378-5690

www.oregon.gov/HigherEd

April 9, 2015

Co-Chair, Senator Fred Girod
Co-Chair, Representative Tobias Read
Joint Committee on Ways and Means, Subcommittee on Capital Construction

Dear Co-Chairs Girod and Read,

Thank you for the opportunity to answer questions that arose during the April 3 Higher Education Coordinating Commission's presentation to the Ways and Means Subcommittee on Capital Construction.

Speaker Kotek asked that we provide an addendum with the technical changes to the community college reauthorizations that we discussed during Friday's hearing. This is included as an attachment. Co-Chair Read asked that we clarify whether additional legislative action is required regarding land acquisition with two of the community college reauthorization requests that is included within the attachment. HECC staff worked with DOJ, LFO, DAS and community college partners to determine that an amendment to Senate Bill 5005 is not necessary in order for the capital projects at Rogue and Tillamook Bay Community Colleges to be able to purchase land under the existing authority that they have received. The request from the community colleges in the attached letter is to establish a clear legislative record that the scope of both projects includes the purchase of land. No further legislative action is needed at this time.

Co-Chair Girod asked that we provide information on which of the community college reauthorization requests have sought public votes regarding bonding and the results of those votes. This information is included in an attachment.

Speaker Kotek asked for information regarding the ADA project at Oregon State University and its non-inclusion in the Governor's Recommended Budget. Attached is the detailed information sheet included in the Agency Request Budget regarding the OSU Project. The ADA accessibility project is a worthy investment and would serve a critical need for OSU students. HECC applauds the work of OSU and its student government in conducting accessibility audits throughout its campus. Unfortunately, in several areas this project did not fit well within the scoring rubric structure utilized by the HECC, which was created as an objective mechanism for ranking projects. Most notably, since the project lacked university leveraging funds, as compared to other OSU projects, it was not scored as highly. In addition, because every institution to varying degree faces ADA and accessibility issues, the HECC recommends that funds associated with these projects flow through the omnibus Capital Repair and Renewal package, and that institutional leaders who know and understand their unique campus needs determine the highest and best use of these funds. The Capital Repair and Renewal package recommended by HECC is well over twice as large as that approved during the 2013-15 biennium. Recognizing the importance of ADA projects and the less than ideal fit between these projects and our Commission-approved scoring methodology, our capital request included an additional \$5 million for

institutions to prioritize ADA projects where possible, in addition to a major increase in Capital Repair and Renewal funding.

A second and related issue has contributed towards institutions seeking ADA and accessibility packages outside of the Capital Repair and Renewal omnibus. Specifically, certain previous definitions regarding “deferred maintenance” have historically limited the flexibility of institutions to deploy resources in the most cost effective manner. The HECC continues to work with campus architects and capital planners as well as DAS to find a mutually agreeable set of criteria which ensures prudent utilization of funds. Please refer to the written response to the question from Senator Girod below for more information.

Senator Girod asked for a clear definition demarcating deferred maintenance and operational expenses. An institution’s annual operating budget is utilized when projects are necessary to realize the originally anticipated life of a capital asset. Capital repair and renewal funds are utilized when resources are used to extend the useful life or retain the useable condition of a capital asset. Deferred maintenance is capital repair or renewal work which has been deferred on a planned or unplanned basis to a future budget cycle or postponed until funds are available. The HECC will continue to work with institutions to ensure that long-term capital plans are in place which adequately utilize operational resources to maintain capital assets, and that state debt resources are used cost-effectively to revitalize and extend the significant state investments at each of the seven public universities.

Finally, Speaker Kotek asked that we provide detailed job numbers on all of the university capital construction requests. Altogether these projects are estimated to create at least 2,763 jobs. A detailed list of jobs created by each project is attached.

If you have further questions, please do not hesitate to contact our legislative deputy director Dana Richardson at dana.richardson@state.or.us.

Regards,

A handwritten signature in black ink that reads "Ben Cannon". The signature is written in a cursive, flowing style.

Ben Cannon
Executive Director, HECC