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INTRODUCTION TO HIGHER EDUCATION CAPITAL FUNDING

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Presented to: Joint Ways and Means Capital Construction Subcommittee



CAPITAL CONSTRUCTION REQUEST: **PUBLIC UNIVERSITIES**

Andrew Rogers, Director,
University Budget &
Finance

GOVERNOR'S RECOMMENDED BUDGET (GRB/CSL): STATE SUPPORT FOR PUBLIC UNIVERSITY DEBT SERVICE

Activity	Description	2015-17 LAB	2017-19 CSL	2017-19 GRB
Support Debt Service on Previous University Capital Projects	Supports debt service on previously approved capital projects for the universities	\$151.6M (\$119.7M GF, \$31.9M LF)	\$193.6M (\$161.7M GF, \$31.9M LF)	\$193.8M (\$161.9M GF, \$31.9M LF)
Change from 2015-17				+21.8% from LAB +0.1% from CSL

NOTE: This slide focuses primarily on General Fund (GF) and Lottery Fund (LF) dollars, not Other Funds. LAB: Legislatively Adopted Budget, GRB: Governor's Recommended Budget, CSL: Current Service Level

GOVERNOR'S RECOMMENDED BUDGET (GRB/CSL): PUBLIC UNIVERSITIES: NEW CAPITAL FUNDING

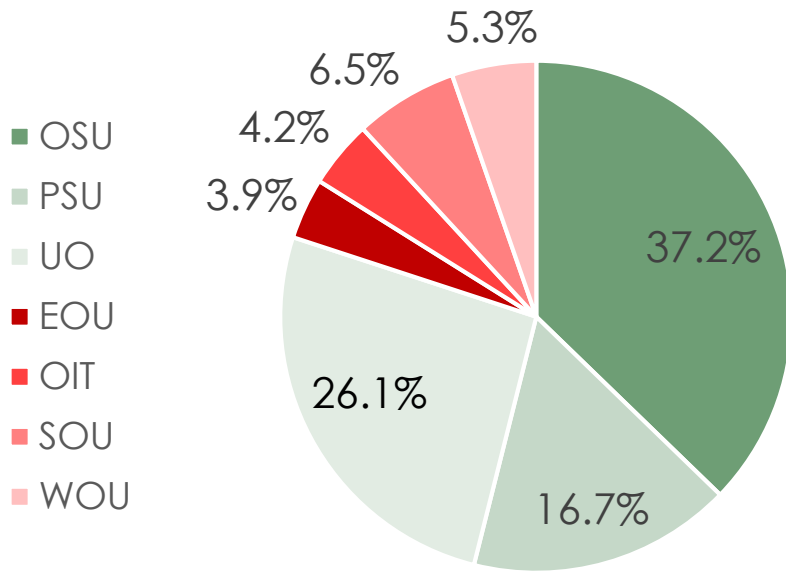
Activity	Description	2015-17 LAB	2017-19 CSL	2017-19 GRB
Support University New Capital Funding	Supports new general obligation bond proceeds funding 18 new capital construction projects at all seven public universities. Thirteen of these projects are funded with Article XI-G and Article XI-Q bonds repaid by state General Fund.	\$308.9M OF (\$252.0M State Paid, \$56.9 M University Paid)	N/A	\$349.8M OF Limitation (\$269.6M State Paid, \$80.3M Univ. Paid)
Change from 2015-17		N/A	N/A	N/A
Support University and Community College Campus Safety	Supports lottery bond proceeds related to safety infrastructure investments at Oregon public colleges and universities recommended by the Oregon Campus Safety Workgroup.	N/A	N/A	\$15.0M
Change from 2015-17		N/A	N/A	N/A

UNIVERSITY CAPITAL PORTFOLIO

Public University E&G Capital Portfolio, Fall 2016			
	Buildings	GSF	Notes
Total University E&G	597	15,702,789	
Individual Institutions E&G GSF and Buildings			
Institutions	Buildings	GSF	% of Total E&G Space
EOU	20	606,898	3.9%
OIT	32	666,922	4.2%
OSU	265	5,848,180	37.2%
PSU	42	2,619,048	16.7%
SOU	52	1,024,655	6.5%
UO	145	4,099,221	26.1%
WOU	41	837,865	5.3%

DISTRIBUTION OF EDUCATION AND GENERAL (E&G) GROSS SQUARE FEET BY INSTITUTION

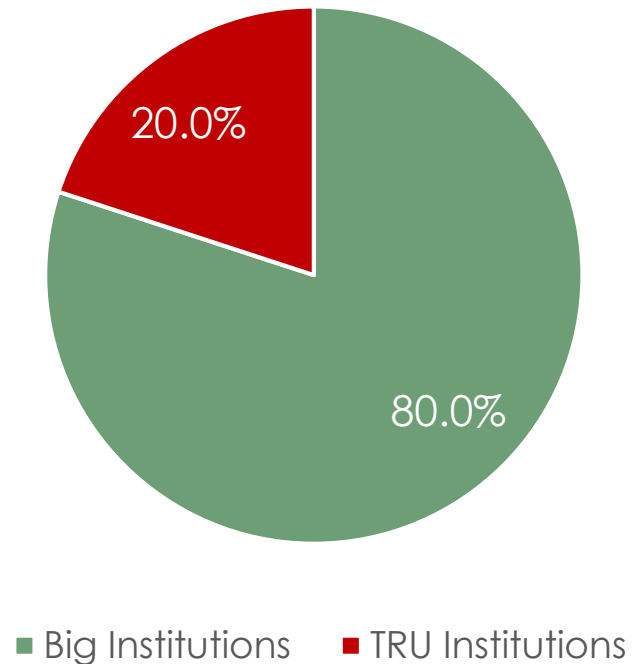
Overall Gross Square Feet (GSF) 15,702,789



Big Institutions-
12,556,449 GSF

TRU Institutions-
3,136,340 GSF

Big Institutions vs. Technical Regional Universities (TRUs)



UNIVERSITY CAPITAL PROCESS

HECC Capital Principles and Scoring Rubric development: Feb.-May

University President's develop Tier I, II and III capital list: April

University capital submission: May

HECC Scoring and ARB development: May.-Nov.

Assist in GRB Considerations: Nov.

GRB finalized list: Dec.

HECC UNIVERSITY CAPITAL PRINCIPLES

All state backed debt will support the Commission's Strategic Plan through investments in:

- Classroom, Laboratory, Research or Student Services space

Institutions must plan for ongoing operational and maintenance needs of current and future capital portfolio

State backed debt will serve either to

- Extend the useful life of current capital assets
- Expand capacity to meet needs of students
- Develop or extend key competitive advantages

Projects which generate operational cost savings will be prioritized

HECC UNIVERSITY CAPITAL PRINCIPLES, CONTINUED

The HECC, in conjunction with institutions will evaluate key capacity constraints across the portfolio of institutions to prioritize investment

Public-private and multi-party collaborations will be encouraged

Leveraging of non-state resources, including private and university funds will be encouraged

Deferred maintenance and capital debt prioritization will focus on aligning economic incentives of institutions and state capital investment

HECC 2017-19 CAPITAL RUBRIC

Project must meet Campus Master Plan, OEIB and HECC Strategic Plans	<ul style="list-style-type: none"> • Minimum threshold
HECC priorities	<ul style="list-style-type: none"> • Ease capacity constraints within portfolio <ul style="list-style-type: none"> • 10 pts • Support student completion <ul style="list-style-type: none"> • 10 pts • Support research & economic development <ul style="list-style-type: none"> • 5 pts • Collaboration <ul style="list-style-type: none"> • 5 pts
Deferred maintenance and cost savings	<ul style="list-style-type: none"> • 10 pts
Life, safety and code compliance	<ul style="list-style-type: none"> • 10 pts
Campus priority	<ul style="list-style-type: none"> • 20 pts
Enhance current effort	<ul style="list-style-type: none"> • 5 pts
Leveraging campus and external support	<ul style="list-style-type: none"> • 15 pts
Strategic priority	<ul style="list-style-type: none"> • 10 pts

BRIEF OVERVIEW OF BOND TYPES

XI-F(1) Bonds-Backed by university revenues. Can be utilized for non E&G projects.

- University pays full debt service.

XI-G Bonds-University provides dollar for dollar match to state bonding commitment. Restricted to higher education facilities (University, OHSU and CC)

- State pays debt service.

XI-Q Bonds. Fully state paid. Restricted to state owned buildings only.

- State pays full debt service.

PUBLIC UNIVERSITY CAPITAL REQUEST (GRB)

Public University Prioritized Capital Construction Request, 2017-19 Biennium
GRB (table one)

Institution	Project	State-Paid Debt			State Paid Cumulative Total	Campus Paid Debt & Resources			Total
		XI-G	XI-Q	State-Paid Total		XI-F	Gifts/Other	Campus Total	
All	Capital Improvement & Repair		\$45,650,000	\$45,650,000	\$45,650,000				\$45,650,000
PSU	4th & Montgomery for Graduate School of Education	\$40,500,000		\$40,500,000	\$86,150,000	\$6,000,000	\$52,000,000	\$58,000,000	\$98,500,000
OSU	Gilkey Hall Renovation	\$2,000,000	\$1,000,000	\$3,000,000	\$89,150,000		\$2,000,000	\$2,000,000	\$5,000,000
OSU	Oregon Quality Foods & Beverage Center	\$9,000,000	\$0	\$9,000,000	\$98,150,000		\$9,000,000	\$9,000,000	\$18,000,000
EOU	Information Technology Equipment Facility		\$1,200,000	\$1,200,000	\$99,350,000				\$1,200,000
OSU	Cordley Hall Renovation Phase I		\$15,000,000	\$15,000,000	\$114,350,000				\$15,000,000

PUBLIC UNIVERSITY CAPITAL REQUEST (GRB)

Public University Prioritized Capital Construction Request, 2017-19 Biennium
GRB (table two)

Institution	Project	State-Paid Debt			State Paid Cumulative Total	Campus Paid Debt & Resources			Total
		XI-G	XI-Q	State-Paid Total		XI-F	Gifts/ Other	Campus Total	
OIT	Center For Excellence In Engineering And Technology/Renovation of Cornett Hall	\$4,000,000	\$34,000,000	\$38,000,000	\$152,350,000		\$4,000,000	\$4,000,000	\$42,000,000
UO	Classroom and Faculty Office Building	\$30,000,000	\$14,000,000	\$44,000,000	\$196,350,000		\$30,000,000	\$30,000,000	\$74,000,000
SOU	Central Hall Modernization		\$6,000,000	\$6,000,000	\$202,350,000				\$6,000,000
WOU	Oregon Military Academy – Phase 2 Renovation	\$500,000	\$7,200,000	\$7,700,000	\$210,050,000		\$500,000	\$500,000	\$8,200,000
OSUC	Cascades Expansion - a. Site Reclamation		\$9,000,000	\$9,000,000	\$219,050,000				\$9,000,000
OSUC	Cascades Expansion- b. Campus Infrastructure		\$11,000,000	\$11,000,000	\$230,050,000				\$11,000,000

PUBLIC UNIVERSITY CAPITAL REQUEST (GRB)

Public University Prioritized Capital Construction Request, 2017-19 Biennium
GRB (table three)

Institution	Project	State-Paid Debt			State Paid Cumulative Total	Campus Paid Debt & Resources			Total
		XI-G	XI-Q	State-Paid Total		XI-F	Gifts/ Other	Campus Total	
UO	Knight Campus for Accelerating Scientific Impact	\$34,000,000	\$0	\$34,000,000	\$264,050,000		\$100,000,000	\$100,000,000	\$134,000,000
EOU	Loso Hall Renovation, Phase One		\$5,500,000	\$5,500,000	\$269,550,000				\$5,500,000
EOU	Track and Field Facilities Restoration Project				\$269,550,000	\$750,000	\$750,000	\$1,500,000	\$1,500,000
PSU	University Center Building Land Purchase				\$269,550,000	\$15,000,000	\$2,000,000	\$17,000,000	\$17,000,000
PSU	12th and Market Resident Hall				\$269,550,000	\$53,500,000	\$10,000,000	\$63,500,000	\$63,500,000
OIT	Student Recreation Center				\$269,550,000	\$5,000,000		\$5,000,000	\$5,000,000
		\$120,000,000	\$149,550,000	\$269,550,000	\$269,550,000	\$80,250,000	\$210,250,000	\$290,500,000	\$560,050,000

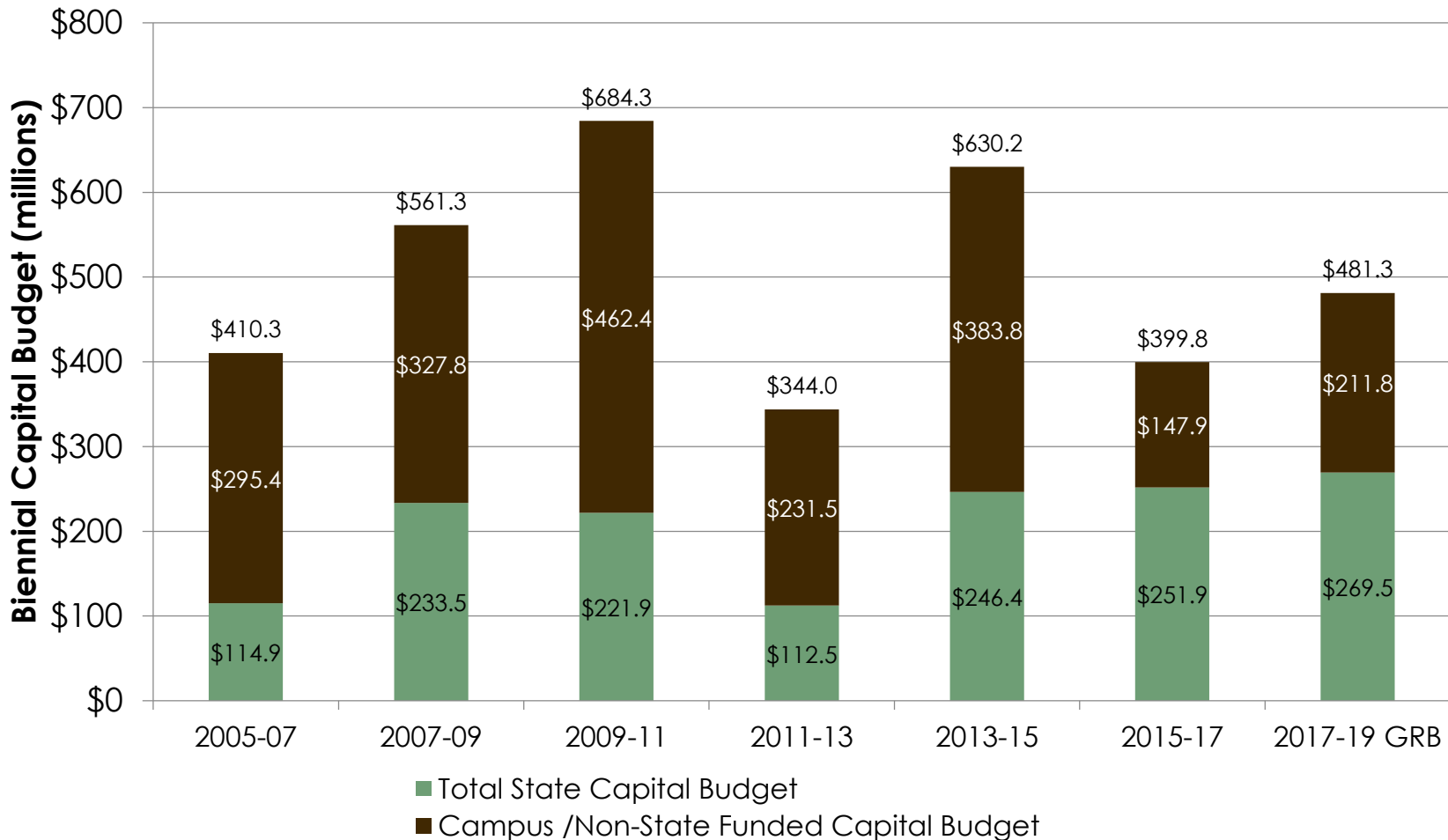
SYSTEMWIDE - CAPITAL REPAIR AND RENEWAL

Provides
an
omnibus
capital
funding
category
to
address

- Current capital improvements
- Code compliance
- ADA and safety related projects

CAPITAL CONSTRUCTION FUNDING

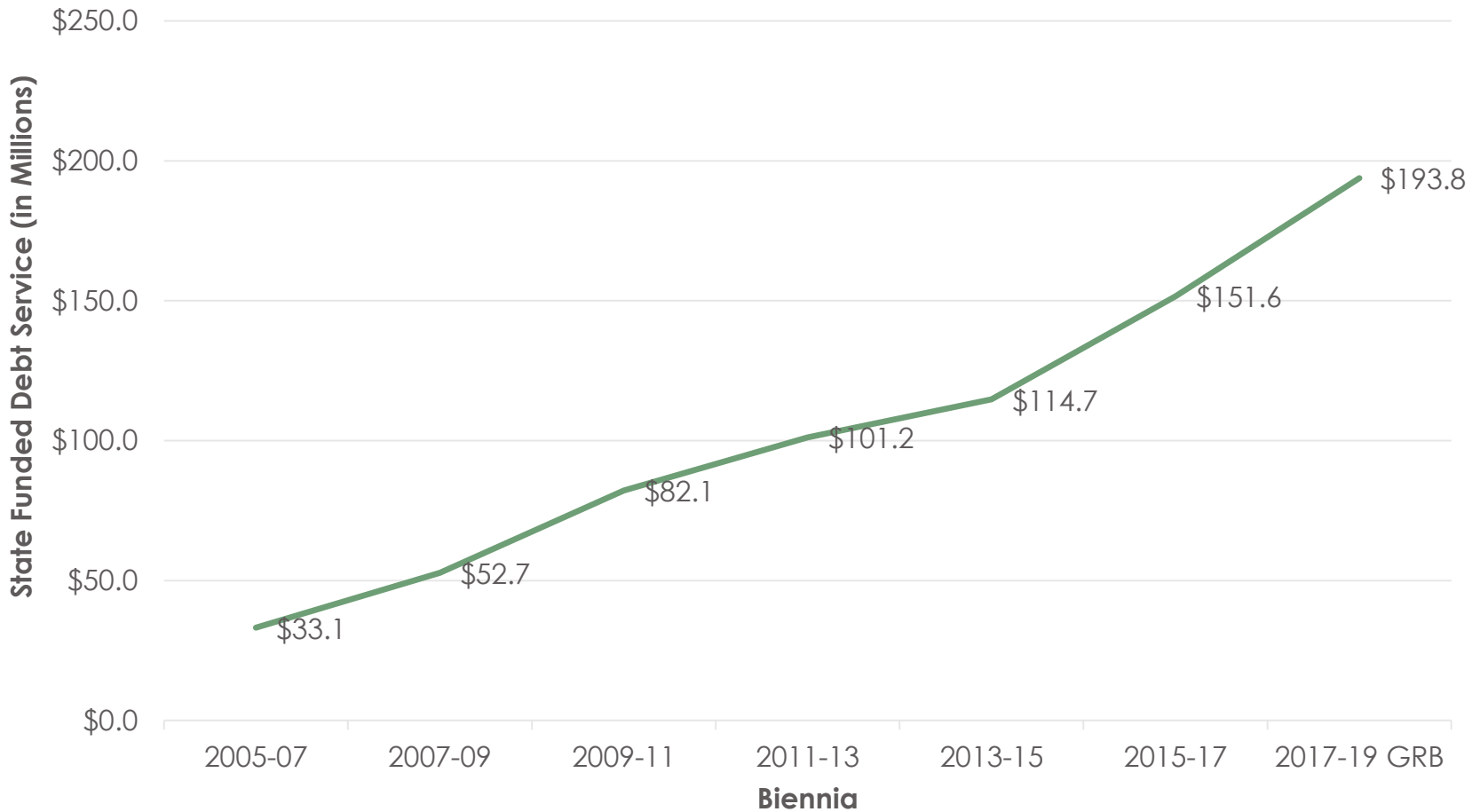
General Fund and State Backed Debt (Public Universities)



Source: HECC Office of University Coordination

STATE FUNDED DEBT SERVICE HISTORY

Total State Funded Debt Service (GF+LF)



Source: OUS Budget Summaries 2005-2006, through 2014-15, HECC BRS 2016-17, and Governor's Recommended Budget (2017-19).



CAPITAL CONSTRUCTION REQUEST: **PUBLIC COMMUNITY COLLEGES**

Patrick Crane, Director,
Community Colleges
and Workforce
Development

GOVERNOR'S RECOMMENDED BUDGET (GRB): STATE SUPPORT FOR PUBLIC COMMUNITY COLLEGE DEBT SERVICE

Activity	Description	2015-17 LAB	2017-19 CSL	2017-19 GRB
Support Debt Service on Previous Community College Capital Projects	Supports debt service on previously approved capital infrastructure projects for the community colleges	\$35.1M (\$24.6M GF, \$10.5M LF)	\$43.8 M (\$32.1M GF, \$11.7M LF)	\$43.8M (\$32.1M GF, \$11.7M LF)
Change from 2015-17				+19.9%

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GOVERNOR'S RECOMMENDED BUDGET (GRB): PUBLIC COMMUNITY COLLEGES: NEW CAPITAL INFRASTRUCTURE FUNDING

Activity	Description	2015-17 LAB	2017-19 CSL	2017-19 GRB
Support Community College Capital Infrastructure Funding	Supports bond proceeds funding eleven campus infrastructure projects at community colleges, through Article XI-G bond program.	N/A	N/A	\$75.2M OF Limitation
Change from 2015-17				N/A
Support University and Community College Campus Safety	Supports lottery bond proceeds related to safety infrastructure Investments at Oregon public colleges and universities recommended by the Oregon Campus Safety Workgroup.	N/A	N/A	\$15.0M OF Limitation
Change from 2015-17		N/A	N/A	N/A

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COMMUNITY COLLEGE CAPITAL RULES

Community college capital construction projects are funded by XI-G bonds or lottery funds.

Colleges may not have more than one project approved for XI-G bond funding that are awaiting match funds.

For biennia beginning on or after July 1, 2015, the aggregate amount authorized for the issuance of XI-G bonds for projects at a single college may not exceed \$8 million.

COMMUNITY COLLEGE CAPITAL PROCESS

Due Diligence Report templates sent to colleges: Feb

Due Diligence Reports for Tier I and Tier II projects due to HECC: March

Capital Construction Workgroup conducts blind review and ranking, makes recommendations to HECC staff: April

HECC staff present overview to or process and proposals to Funding and Achievement subcommittee: April

Oregon Presidents Council finalizes recommendations for HECC staff: April

HECC reviews final staff recommendations for Tier I and Tier II projects: May

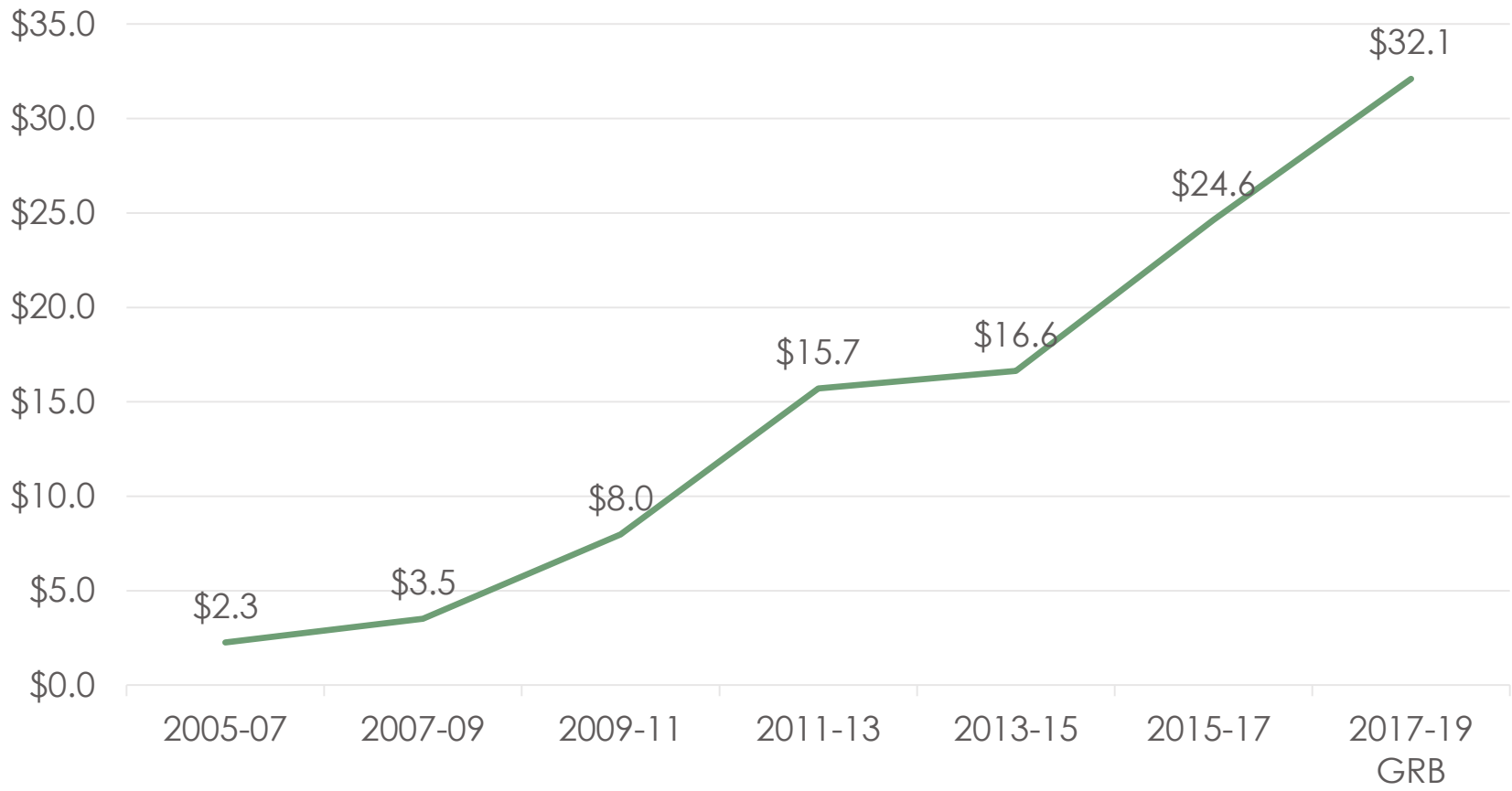
COMMUNITY COLLEGE CAPITAL CONSTRUCTION PROJECTS

GRB Community College Capital Construction Projects for 2017-19 Biennium

College	Project	XI-G Bonds Requested	Total Project Cost
Umpqua Community College	New industrial technology building	\$ 8,000,000	\$ 20,110,414
Linn Benton Community College	Student affairs and campus safety space renovation	\$ 7,500,000	\$ 15,062,670
Chemeketa Community College	New agricultural complex	\$ 6,000,000	\$ 17,060,313
Portland Community College	Health Training Building Renovation	\$ 8,000,000	\$ 22,500,000
Lane Community College	New health care village	\$ 8,000,000	\$ 16,200,000
Southwestern Community College	Dellwood Hall remodel and expansion	\$ 2,749,997	\$ 5,499,995
Clackamas Community College	DeJardin Building addition	\$ 8,000,000	\$ 24,700,000
Mt Hood Community College	New Maywood Park Center	\$ 8,000,000	\$ 23,000,000
Blue Mountain Community College	New animal science facility complex	\$ 5,000,000	\$ 10,000,000
Oregon Coast Community College	New workforce and academic building	\$ 8,000,000	\$ 16,000,000
Rogue Community College	Elk Building science building renovations	\$ 6,000,000	\$ 12,000,000

COMMUNITY COLLEGE DEBT SERVICE HISTORY

Community College GF Funded Debt Service (In Millions)



Data Source: HECC Office of Community Colleges and Workforce Development (CCWD)



CAMPUS PUBLIC SAFETY INVESTMENT

Ben Cannon, Executive
Director, HECC

GOVERNOR'S RECOMMENDED BUDGET (GRB): NEW CAPITAL INFRASTRUCTURE FUNDING: CAMPUS SAFETY

Activity	Description	2015-17 LAB	2017-19 CSL	2017-19 GRB
Support University and Community College Campus Safety	Supports lottery bond proceeds related to safety infrastructure Investments at Oregon public colleges and universities recommended by the Oregon Campus Safety Workgroup.	N/A	N/A	\$15.0M OF Limitation
Change from 2015-17		N/A	N/A	N/A

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CAMPUS SAFETY WORK GROUP

Convened by Governor Brown in the wake of the 2015 Umpqua Community College tragedy

- Membership from all sectors of higher education as well as law enforcement

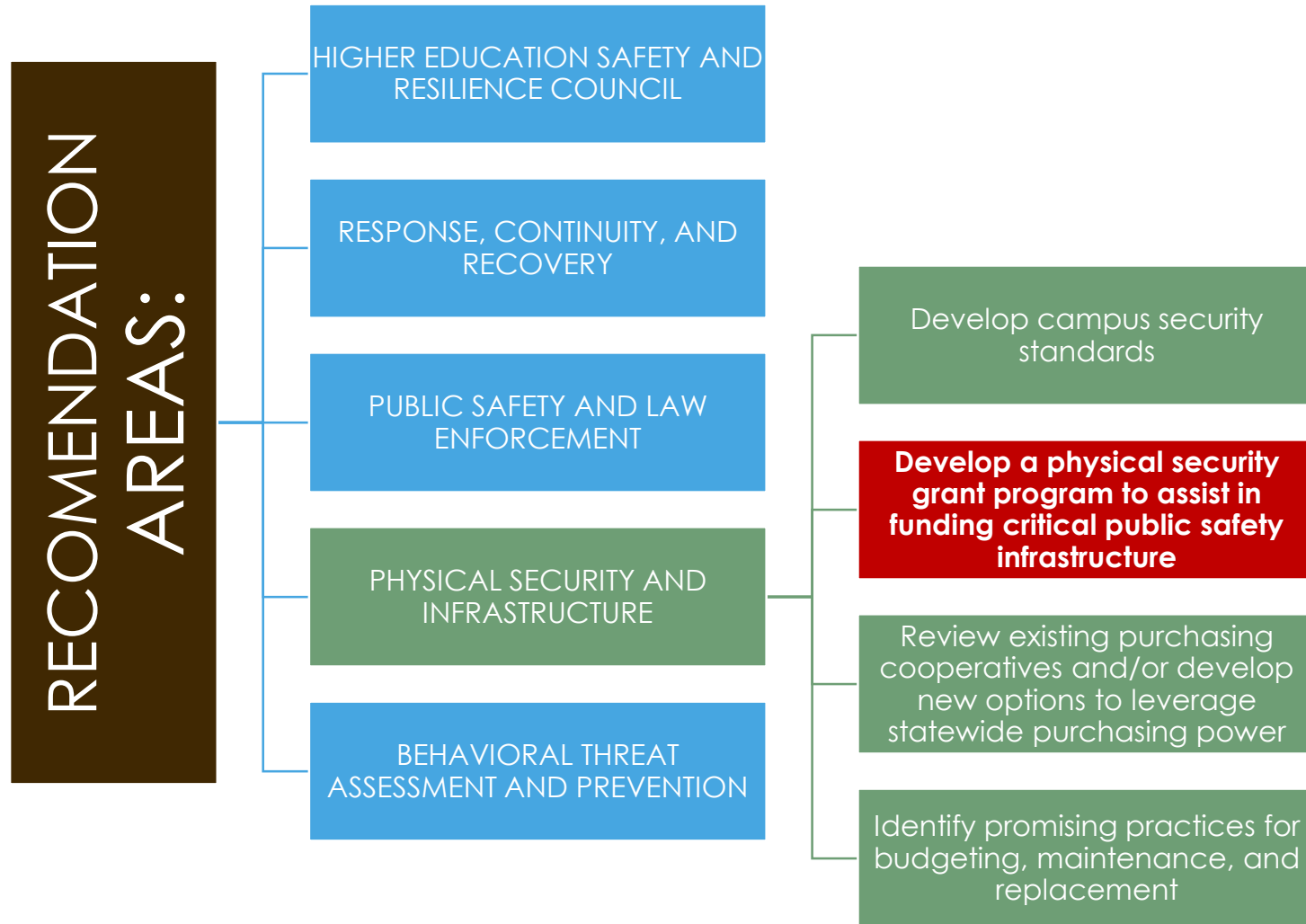
CHARGE:

- **Ensure best practices and protocols are implemented** across all higher education institutions to maintain public safety, and prevent, prepare for, and effectively manage future crisis response efforts; and
- **Identify resource needs** and potential state policy to enable a coordinated strategy across the higher education system for public and private institutions.

Download the full report at:

<https://gis.uoregon.edu/campussafety/>

CAMPUS SAFETY WORK GROUP: INFRASTRUCTURE IS ONE COMPONENT OF BROAD STATEWIDE SAFETY RECOMMENDATIONS



PHYSICAL SECURITY AND INFRASTRUCTURE:

All post-secondary education institutions should have campus security standards that take into account the campus's size, complexity, and hours of operation and incorporate crime prevention through environmental design principles. These standards should be integrated into campus planning efforts, capital projects, and major remodels.

Develop a physical security grant program to assist post-secondary institutions in funding critical public safety infrastructure including access control, cameras, alarms, data storage for video, mass notification, and lighting in existing buildings and campus infrastructure.

Review existing purchasing cooperatives and/or develop new options to leverage statewide purchasing power for physical security infrastructure including, but not limited to: access control systems, cameras, alarms, data storage solutions, lighting, etc.

Identify promising practices for budgeting, maintenance, and replacement of security systems at post-secondary institutions.