

May 3, 2019

Co-Chairs Girod and Holvey, and Members of the Subcommittee:

On behalf of the nearly 90,000 students who attend Oregon's seven public universities, we write to express our strong support for investments in capital projects across our campuses. Collectively, we support an appropriation of \$65 million toward Capital Improvement & Repair (CI&R) in 2019. Additionally, we request the committee reserve at least \$300 million in capital debt capacity for allocation to university capital projects during the 2020 session, to accommodate the completion of the strategic capital plan currently being conducted by the Higher Education Coordinating Commission (HECC).

The need for CI&R investments is significant and growing. Buildings and infrastructure on Oregon's public universities are generally older than at peer campuses, with over 70% of spaces at universities being more than 25 years old. This contributes to a backlog of capital repair and renewal needs and puts pressure on affordability. In order to address the growing backlog of CI&R, the universities would need to invest more than \$950 million in existing university spaces over the next 10 years. The universities agree that investments in CI&R are their top capital investment priority because these funds support basic infrastructure to ensure campus safety and accessibility as required by the Americans with Disabilities Act. Sustained investment in the accumulated needs of university facilities must be a high priority for Oregon. These investments are crucial to improving outcomes for all students by mitigating safety hazards, improving access for students and the public, enhancing efficiencies, and reducing future costs.

Oregon's public universities constitute nearly half of the state's capital assets. The use of the state's debt capacity for public universities' should more closely reflect the proportion of state-financed and state-owned facilities that are operated and maintained by universities.

In addition, we believe state investments should capitalize upon the opportunity to leverage other investments from public partners and private donors because of the high return these investments generate in the form of research grants and commercial activities. When it comes to the state's economy, no other state capital investments generate the benefits Oregon derives from capital expenditures in the state's public universities.

Increased investments in higher education facilities is a wise use of the state's debt capacity for the following reasons:

1. They produce the skilled workers Oregon needs to compete in an increasingly knowledge-intensive economy;
2. They protect and sustain the significant portion of Oregon's state-financed capital facilities that the universities already operate and maintain;

3. They ensure balanced growth across all of Oregon's institutions; and
4. Most importantly, growing and maintaining capital infrastructure ensures that students will have access to state-of-the art facilities without having to pay higher tuition needed to cover the cost of capital infrastructure.

We understand there are compelling reasons for capital investments during the current legislative session. If the legislature determines to undertake investments during the 2019 legislative session, we believe those investments should accommodate the \$65 million CI&R funds and an additional \$288 million to accommodate the projects recommended by the HECC in 2018. A prioritized list of projects from the HECC is attached.

While we realize waiting until 2020 to invest in capital may create a degree of uncertainty, we also believe the delay can be accomplished in a manner that will not affect a 2021 bond sale as currently contemplated for investments under consideration for 2019-21 biennium. In addition, as long as a sufficient amount of capital is reserved, delaying until 2020 would enable investments in projects that may better reflect the findings and conclusions of the HECC long-term capital review which is currently underway.

Capital projects at public universities represent a unique opportunity for Oregon taxpayers to create living wage jobs in every corner of the state. By adopting the HECC's 2018 recommendations to the Governor or reserving capacity for allocation in 2020 the Legislature will create a buffer against what many economists predict will be an economic slowdown coming in the next year.

We look forward to our continued work together for Oregon's students and families.

Sincerely,



Thomas A. Insko
President
Eastern Oregon University



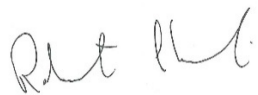
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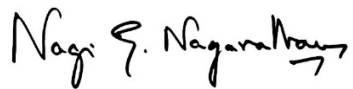
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