



# OREGON'S INVESTMENT IN POSTSECONDARY CAPITAL

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Higher Education Coordinating Board

Presented to: Joint Committee on Ways and  
Means, Subcommittee on Capital Construction

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# A Decade of Capital Investment (2009-2019)

## Value of Bonds Issued by the State

**\$824M** Invested by the State in University  
Capital Construction (XI-G and XI-Q)

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**\$255M** Invested by the State in Community  
College Capital Construction (XI-G)

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**\$690M** Invested by the Universities in  
capital (XI-F)

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# 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.

Due diligence reports due and projects submitted: March 2018

Capital Construction Workgroup ranks projects: April 2018

Oregon Presidents Council finalize recommendations: May 2018

HECC adopts for inclusion in ARB: June 2018

GRB finalized list: December 2018

# University Capital Prioritization Process

- *“The commission shall establish a process for reviewing [public university] requests to issue state bonds” (ORS 352.089).*
- HECC staff recommendations are based on institution-submitted information and visits to all campuses with requests.
- Projects are scored and ranked using a Commission-adopted rubric.

HECC rubric development: Spring 2018

University Presidents develop Tier I, II and III capital list: April 2018

University capital submission: May 2018

HECC Prioritization (only tier 1): Summer/Fall 2018

GRB finalized list: December 2018

# Current 2019-21 University Capital Rubric

Project must meet campus master plan and HECC strategic plans

- Pass/Fail

HECC priorities  
(1-30 points)

- 10 pts – Ease capacity constraints within portfolio
- 10 pts – Support student completion
- 5 pts – Support research & economic development
- 5 pts – Collaboration

Cost savings (1-10 points)

- Does the project reduce deferred maintenance or reduce operational costs?

Life, safety and code compliance  
(1-10 points)

- Does the project meet life, safety and code compliance needs of mission critical items?

Institutional priority (4-20 points)

- What's the priority within the existing master plan?

Clear Identification of Student Focus  
(1-5 points)

- How will the project impact student success (with an emphasis on underserved populations)?

Leveraging Dollars (1-15 points)

- Is the project funded by a campus match or pledged resources?

Strategic priority (1-10 points)

- Does the project support civic, cultural and economic development needs of the state?

# Community College Capital Request (GRB)

2019-2021 Biennium, GRB (in thousands \$)				
Institution	Project	XI-G – State Paid	Lottery – State Paid	Total
Blue Mountain	Facility for Agricultural Resource Mgt.	\$5,000	\$8,000	\$13,000
Clatsop	Marine Science Building	\$7,996	-	\$7,996
Central Oregon	Classroom Building Redmond Campus	\$8,000	-	\$8,000
Klamath	Apprenticeship and Industrial Trades Center	\$3,910	-	\$3,910
Lane	Health Care Village Facility	\$8,000	-	\$8,000
Mount Hood	Maywood Park Center	\$8,000	-	\$8,000
Oregon Coast	Workforce Education & Resiliency Center	\$8,000	-	\$8,000
Southwestern Oregon	Dellwood Hall Remodel & Expansion	\$2,749	-	\$2,749
Umpqua	Industrial Technology Building	\$8,000	-	\$8,000
<b>Totals</b>		<b>\$59,655</b>	<b>\$8,000</b>	<b>\$67,655</b>

# Public University Capital Request (GRB)

2019-2021 Biennium, GRB (in thousands \$)

Institution	Project	XI-Q State Paid	XI-F Campus Paid	Total
ALL	Capital Improvement and Renewal	\$65,000	-	\$65,000
EOU	Residence Hall		\$14,000	\$14,000
EOU	Inlow Hall Grand Staircase Replacement	\$3,000	-	\$3,000
PSU	12 <sup>th</sup> & Market Residence Hall	-	\$60,500	\$60,500
PSU	Land Acquisition for University Center	-	\$15,000	\$15,000
UO	Shake Alert and Wildfire Alert Seismic Stations	\$12,000	-	\$12,000
WOU	Valsetz Dining & Auxiliary Services Renovation	-	\$3,500	\$3,500
	<b>Totals</b>	<b>\$80,000</b>	<b>\$93,000</b>	<b>\$173,000</b>

# Capital Improvement and Renewal Summary

Provides  
critical state  
funding to  
address

- Current capital improvements
- Code compliance
- ADA and safety-related projects
- aka “Deferred maintenance”

- May 2018: HECC establishes a workgroup to review the allocation formula for Capital Improvement and Renewal (CIR) funds. Partners include universities, HECC staff, and DAS-Capital.
- The workgroup identifies key capital renewal factors to protect and preserve State assets and to reduce risk at each campus
- The workgroup recommends a new allocation methodology
- February 2019: HECC modifies its administrative rule governing CIR distribution:
  - The new formula allocates funding based on adjusted E&G GSF (buildings not built in past 10 years) and density (total employees and students divided by E&G GSF)



# Looking Forward: A Ten Year Strategic Capital Plan

To provide a high-level summary of state capital needs for public universities based on demographic, economic, industry, and other environmental factors

To identify potential future capital portfolio according to ideal usage and utilization

To estimate space needs for different disciplines, by degree levels and function, by region

Developed in partnerships with public universities, stakeholders, and legislators, with support from outside experts

# Timeline for HECC Prioritization of 2020 University Capital Requests

August 2019

- Adopt New Rubric

October 2019

- Complete 10-Year Strategic Capital Plan
- Receive project requests

November 2019

- Review and rank requests

December 2019

- Submit prioritized list

# Meet the SmithGroup Team



**Paul Leef**  
Vice President and  
Principal



**Steve Schonberger**  
Principal



**Brian Prescott**  
NCHEMS  
Vice President



**Dennis Jones**  
NCHEMS  
President Emeritus

# SmithGroup – Campus Strategy and Analytics

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- Understanding of the academy from the inside
- Breadth & depth of higher education experience
- Expertise in data management and visualization
- Space Needs Assessments and Analytics
- Benchmarking
- Capital Planning
- Process and Policy Recommendations

**700** Campuses  
**49** States  
**10+** State Systems  
**38** Years in Higher  
Education Planning



# Our Role

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- Data collection and analysis
  - Space and utilization analysis
  - Space Benchmarking
  - Alignment of academic plans with facility plans
  - Gap analysis
- Space models
  - Space needs as related to enrollment, workforce needs
  - Translating programmatic and student success needs into space
- Aligning capital planning with statewide strategic goals
  - Best practices in capital planning
  - Assessment of regional needs
- Design for a strategic capital planning process

# About NCHEMS

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- National Center for Higher Education Management Systems
- Private non-profit
- Mission is to improve strategic decision-making in higher education for states and institutions
- Rely heavily on data, but also stakeholder engagement
- Assume the perspective of students and the public
- Current & recent projects:
  - State- or system-wide strategic planning (Utah, Pennsylvania, Connecticut, Wyoming)
  - Strategic finance (affordability, performance funding, etc.)
  - Workforce outcomes & alignment to education
- Notable previous technical assistance provided to Oregon
  - Governance: creation of HECC
  - Models for Oregon promise program
  - Oregon Opportunity Grant redesign (WICHE-provided)

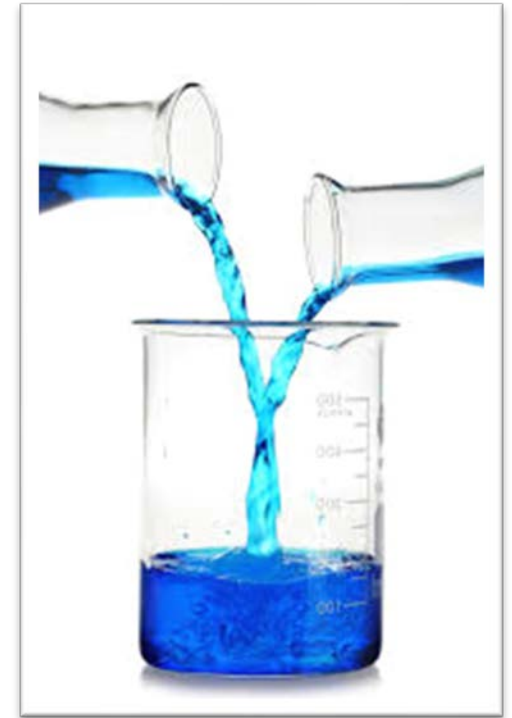
# NCHEMS Role

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- Data collection and analysis – statewide and for regions
  - Environmental scan – current conditions, trends and projections, workforce needs, etc.
  - Data visualizations
  - Stakeholder engagement
  - Projection of enrollment and workforce demands
- Heuristic models
  - Student Flow (examples follow)
  - Industry – occupation
- Aligning capital planning with statewide strategic goals
  - Alternative delivery modes
  - Multi-campus collaboration
- Design for a strategic capital planning process

# Collection: Institutional Data

- Data Collection - Institutions
  - Academic Plans
  - Facility and Capital Plans
  - Deferred Maintenance Facility Condition Assessments
  - Space Inventory Data
  - Research Expenditure
  - Enrollment and Enrollment Projections
  - Student Data
  - Student Success Data
- Other:
  - EMSI
  - Public sources
  - HECC





# Analysis: Space, Occupational Gaps, Benchmarking

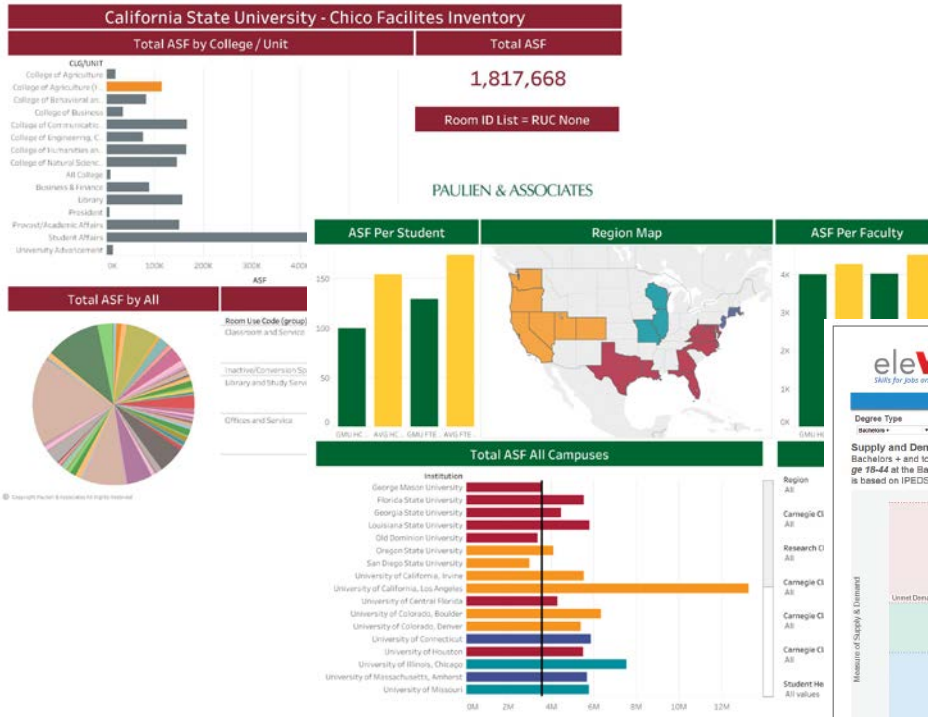
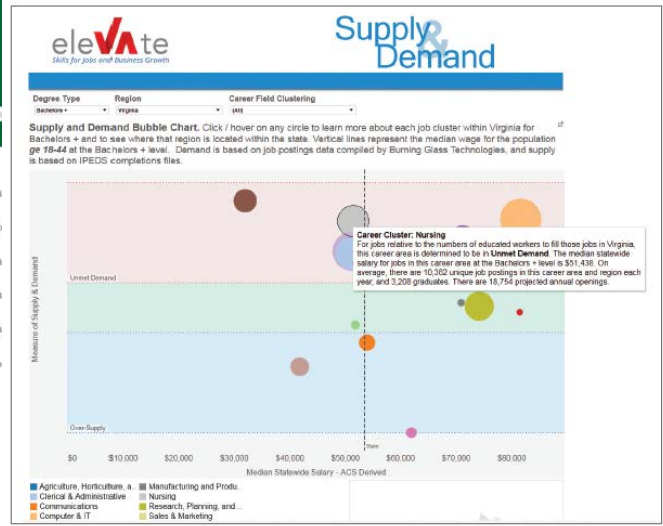
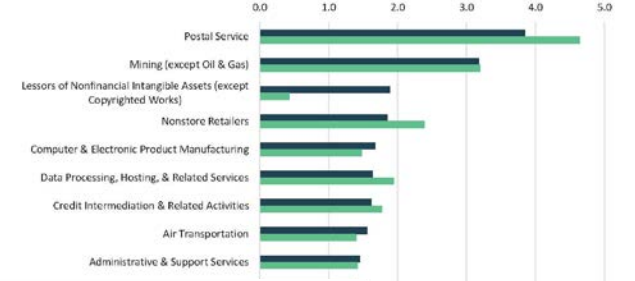


Figure 5.6 - Employment Concentration (LQ) by Industry Sector in Arizona, 2015 to 2025



† Self-Employed Data 2016.4.

# Engagement: Meetings

- Initial Campus Visits
  - Data verification
  - Understanding facility and academic program needs
- Follow-up Campus Visits
  - Facilities personnel
  - Engage local campus, economic and workforce development stakeholders
- Regular Touchpoints
  - CFO's
  - HECC Agency
  - Commission



# Designing for a Strategic Capital Planning Process

- Data driven analyses
- Informed by benchmarking best practices
- Regionally based
- Aligned with statewide strategic goals: 40-40-20
- Effective prioritization process
  - Academic and regional needs
  - Deferred Maintenance
  - Alternatives
- Implementable

# Project Schedule

## Project Milestone Summary



Questions?