



Joint Committee on Ways and Means,
Subcommittee on Capital Construction

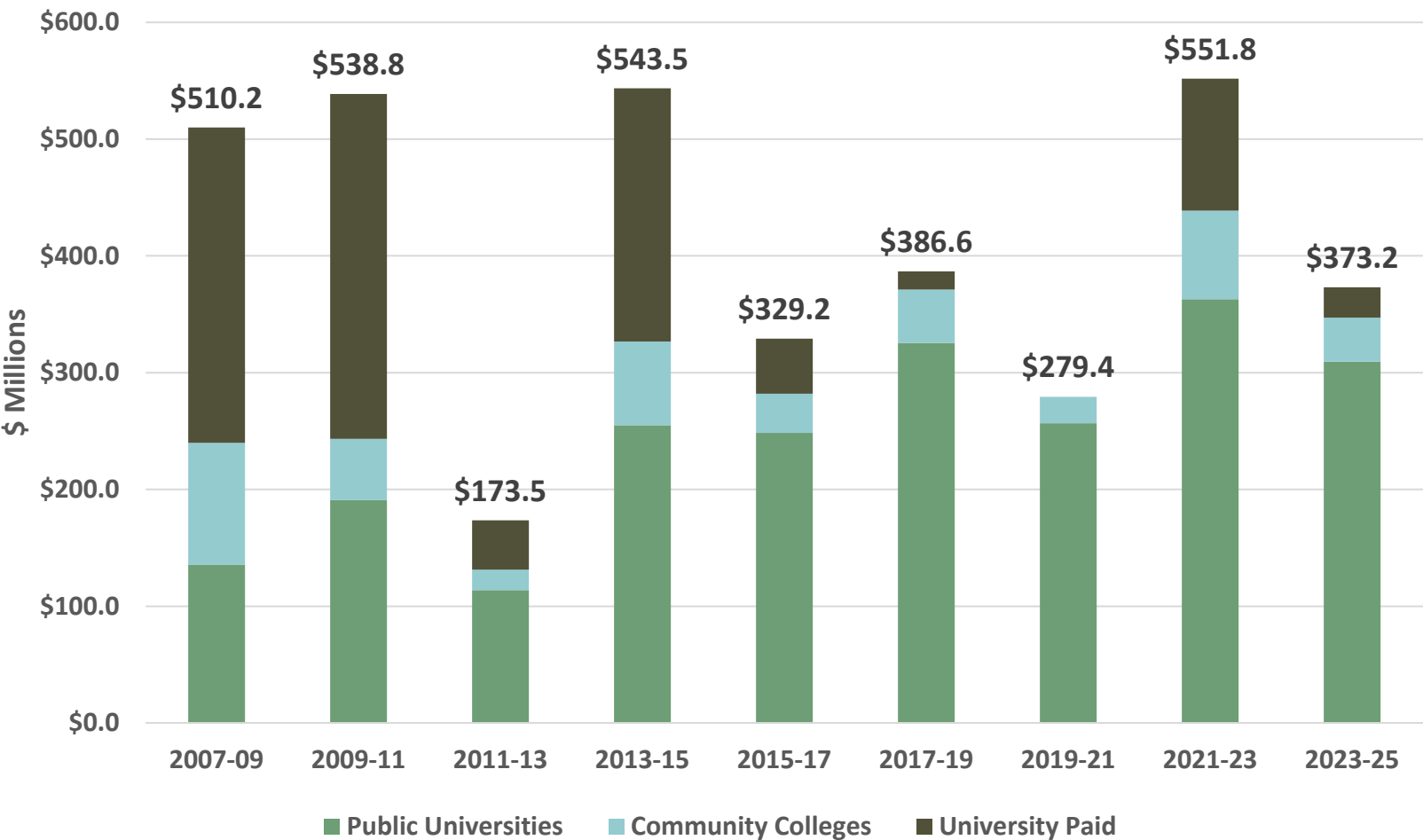
Oregon's Investment in Postsecondary Capital

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\$3.7 Billion State Investment in Capital

State Issued Bonds for Postsecondary Education, 2007-2023



- \$1.0B University Paid (F)
- \$461M Comm. Colleges (G)
- \$2.2B Universities (G, Q)

XI-F(1) BONDS – Public University Only

Backed by university revenues and can be utilized for non-E&G projects

University pays debt service

XI-G BONDS – Comm. Colleges and Public Universities

Institution must provide at least 1:1 match. Restricted to higher education.

State pays debt service

XI-Q BONDS – Public University Only

No matching requirement. Restricted to state-owned buildings.

State pays debt service

Notes: Data from DAS Capital and HECC staff. Does not include institutional funding, state cash funded projects, or local bonds.



What progress has been made?

(Public universities)

	Current Replacement Value (\$ millions)	Deferred Maintenance (\$ millions)	Facility Condition Index (FCI)
2002	\$2,971	\$592	19.9%
2012	\$4,230	\$528	12.5%
2019	\$10,158	\$966	9.5%
2024	\$16,285	\$1,594	9.8%
For E&G facilities only. The FCI is DM / CRV. Below 10% is ideal.			

- The FCI has improved due to state investment.
- Replacement value has grown faster than inflation since 2002.
- The *functional age* of major facilities has declined from 54 to 21 years old since 2019.

Note: Functional age is either the number of years since construction or a large-scale renovation involving more than half the replacement value.

HECC Capital Principles

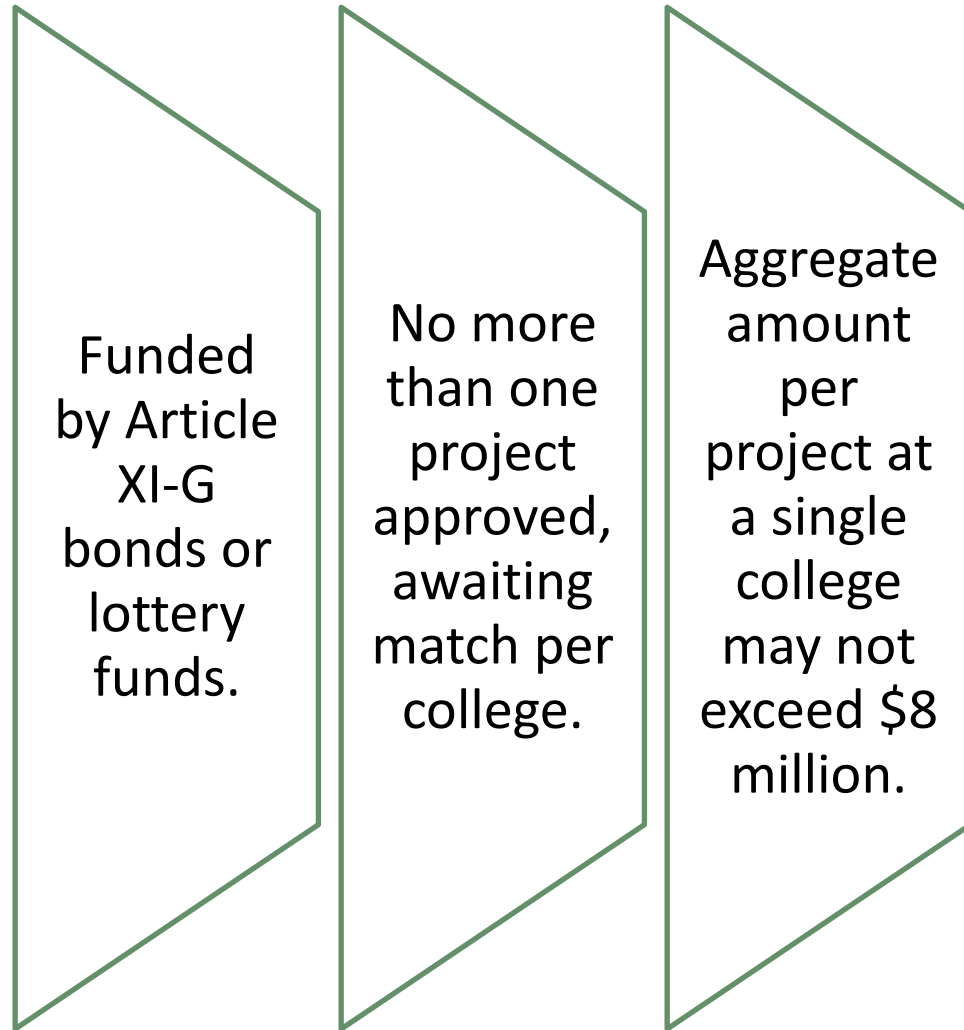
Renewal approach that
repurposes existing
space

Operational cost
savings along with
safety and security

Multi-party
collaborations

Leveraging of private
and institutional
resources

Community College Limitations



Note: Community college limitations from SB 5506 (2013 RS).

University Capital Principles

All state-backed debt will support investments in education and student support spaces.

Institutions must plan for the ongoing needs of their facilities.

State-backed debt will extend the useful life of assets, expand the capacity to meet student needs, or further competitive advantages.

Process Timeline and Overview



Community Colleges

- The Commission is charged with approving all capital construction projects and listing them in priority order (OAR 589-003-0100).
- Projects ranked in collaboration with the colleges using a rubric in rule.

Public Universities

- Commission charged with establishing a process for reviewing requests (ORS 352.089).
- Projects ranked using a Commission-adopted rubric.

College Rubric

Project Criteria
(1-50 points)

Strategic Review Criteria
(1-26 points)

Due Diligence Criteria
(1-24 points)

University Rubric

Strategic Priorities
(1-52 points)

Operational Savings and Sustainability
(1-8 points)

Life safety, Security or Loss of Use
(1-10 points)

Institutional Priority
(1-5 points)

Student Success for Underserved
Populations (1-10 points)

Leveraging Institutional Resources
(1-15 points)

Community College Capital Construction Projects

POP 108: \$20.2M

2025-27 GRB, in \$ millions

	Project	XI-G Bonds	Match
Clackamas	Center for Excellence for Farming, Horticulture, and Wildland Fire	8.0	24.0
Mt Hood	Classroom and Lab Renovations	8.0	32.6
Klamath	Cosmetology ADA Remediation	4.0	4.0
	TOTALS	\$20.0	\$60.6

XI-G BONDS

Must be at least a 1:1 match; only for higher education; State pays debt service.

The GRB also includes reauthorization for two previously approved projects:

- Clatsop – Maritime Science Building, \$7.9M
- Southwestern – Student Services Focused Renovations, \$8.0M

Public University Capital Construction Projects

POP 107: \$425.8M

2025-27 GRB, in \$ millions

	Project	XI-Q Bonds	XI-F Bonds	Match
All Univ	Capital Improvement and Renewal (CIR)	\$200.0	-	-
PSU	Student Housing	-	\$85.0	-
PSU	Performing Arts	\$85.0	\$52.5	\$85.0
	TOTALS	\$285.0	\$137.5	\$85.0

XI-F(1) BONDS

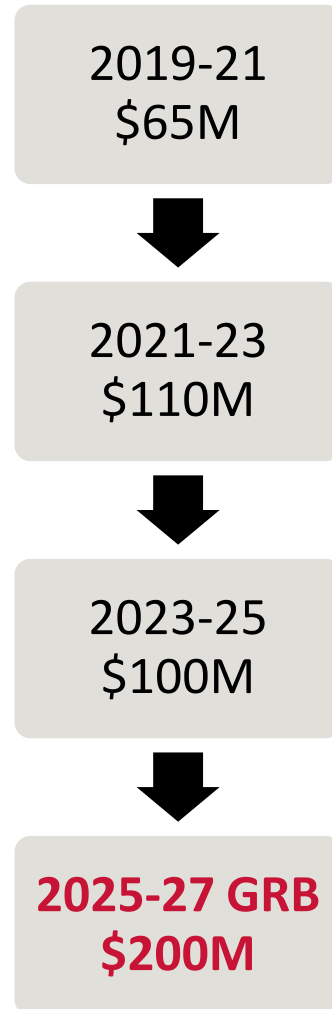
Backed by university revenues; often used for auxiliary projects; univ. pays debt service.

XI-Q BONDS

Restricted to state-owned buildings; State pays debt service.

- CIR funding was the top ranked priority.
- Article XI-F bond requests are not prioritized since the university pays the debt service; however, they are analyzed for revenue sufficiency.

Capital Improvement and Renewal (CIR) Funding



Comparison by Project Type	
CIR Projects	Legislatively-Named Projects
Bondable	Bondable
<u>Must</u> involve renewal and improvement	<u>May</u> involve renewal and improvement
Lower cost projects	Higher cost projects
Institution chooses project priority	Legislature authorizes each project
Legislature determines total funding that HECC allocates	Legislature determines funding by project



Appendix

2025-27 Community College Capital Rubric

Project Criteria (1-50 points)

- 7 pts – Serves an instructional purpose
- 7 pts – Meets an important, demonstrated need
- 7 pts – Meets facilities need that can't be addressed
- 7 pts – Serves to complete a comprehensive facility
- 7 pts – Meets important, articulated objective of the college
- 7 pts – Reflects evidence of local needs assessment
- 8 pts – Meets an equity need as defined by the *HECC Equity Lens*

Strategic Review Criteria (1-26 points)

- 6 pts – Addresses safety and security on campus?
- 5 pts – Meets occupation, community or economic need?
- 5 pts – Includes collaboration?
- 5 pts – Intention to meet sustainability standards?
- 5 pts – Does the project support student services/spaces?

Due Diligence Criteria (1-24 points)

- 10 pts – Statement of need and statement of solution
- 5 pts – Facility features including gross square footage
- 3 pts – Costs including planning and programming
- 6 pts – Schedule, planning and financial considerations

2025-27 Public University Capital Rubric

Strategic Priorities (1-52 points)

- 24 pts – Space renewal, workforce or completion priorities
- 12 pts – Addressing deferred maintenance issues
- 8 pts – Support research & economic development
- 8 pts – Collaboration with interested parties

Operational Savings and Sustainability (1-8 points)

- Does the project reduce operational costs, support continued efficiency or increase the sustainability of the facility?

Life safety, Security or Loss of Use (1-10 points)

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

Institutional Priority (1-5 points)

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

Student Success for Underserved Populations (1-10 points)

- How will the project impact the success of students from underserved populations?

Leveraging Institutional Resources (1-15 points)

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

HECC-Prioritized Community College Projects

2025-27 Biennium, in \$ millions (ARB)

Priority and College		Project	XI-G Bonds	Institution Funds	Total Project Cost
1	Clackamas	Center for Excellence in Farming, Horticulture and Wildland Fire	\$8.0	\$24.0	\$32.0
2	Mount Hood	Classroom and Lab Renovations	\$8.0	\$32.5	\$40.5
3	Klamath	Cosmetology – ADA Remediation	\$4.0	\$4.0	\$8.0
		TOTALS	\$20.0	\$60.5	\$80.5

Project Notes

One project renovates classrooms and laboratories reducing deferred maintenance.

Two projects align with workforce needs improving programs in farming, horticulture, and wildland fire.

They include \$60M in matching funds and the potential for eliminating \$16M in deferred maintenance.

Notes on Public University Projects Submitted

Focus on improvement and replacement

- Six projects include a demolition and new construction. Three projects include both renovations and expansions. One project includes land reparation and new construction.

Focus on student success, resiliency, creative thinking, and arts

- Four projects relate to student success, resiliency, creative thinking, and arts. Two projects focus on health and dental. Two projects are renovations/or expansion of library centers. One project addresses child behavioral health needs. One project is a heat plant demolition and creation of a physics laser lab. One project is a data center replacement.

\$188.4 million in institutional matching

- Most institutional matching comes from donor funds.

\$264.2 million in eliminated deferred maintenance

HECC-Prioritized Public University Projects

2025-27 Biennium, in \$ millions (ARB)

Priority and University		Project	XI-Q Bonds	XI-G Bonds	Institution Funds	Total Project
N/A	PSU	Center for the Performing Arts	-	85.0	85.0	170.0
1	ALL	Capital Improvement and Renewal	120.0	-	-	120.0
2	UO	Child Behavioral Health	35.5	17.8	17.8	71.0
3	SOU	Creative Industries/Student Success	38.1	2.45	2.45	43.0
4	WOU	Data Center	12.4	0.7	0.7	13.8
5	EOU	Loso Hall Student Access & Renewal	53.6	1.7	1.7	57.1
6	OSU	Heat Plant Repurpose	47.8	25.3	28.0	101.0

Note: The PSU Center for the Performing Arts was not prioritized according to the rubric due to its uncommon complexities.

HECC-Prioritized Public University Projects (Continued)

2025-27 Biennium, in \$ millions (ARB)

Priority and University		Project	XI-Q Bonds	XI-G Bonds	Institution Funds	Total Project
7	OSUC	OSU Cascades Student Health	10.0	32.0	42.0	84.0
8	WOU	Performing Arts Renewal	22.6	0.7	0.7	24.1
9	OIT	Learning Resources Center Renewal	35.3	2.0	2.0	39.3
10	PSU	Millar Library Deferred Maintenance	73.1	6.0	6.0	85.0
11	OIT	Semon Hall Renovation/Expansion	38.3	2.1	2.1	42.5
		TOTALS	\$486.8	\$175.6	\$188.3	\$850.8

University Self Funded (XI-F Bond) Projects

2025-27 Biennium, in \$ millions (ARB)

	Project	XI-F Bonds	Total Project
PSU	Performing Arts Parking Structure	\$35.5	\$35.5
PSU	New Housing	\$85.0	\$85.0
	TOTALS	\$120.5	\$120.5

Article XI-F bond requests are not prioritized according to the rubric. However, HECC staff performs a revenue sufficiency analysis as part of the review process.