

2019-21 Biennial Funding Request to HECC

BACKGROUND

Every other year, the Board of Trustees reviews and endorses the university’s biennial budget request to the Higher Education Coordinating Commission (HECC). In the past, requests were due to the HECC by the statutorily-set April 1 deadline. In the 2017 legislative session, the specific date for submission was removed from statute. The timeline for the upcoming biennium’s requests is still being developed by the HECC and, to-date, guidelines on submission of the operating request have not been provided.

The seven universities are currently developing a consolidated operating request comparable to the process used in the previous biennium that addresses funding for the Public University Support Fund (PUSF), State Programs, Statewide Public Services, and Sports Lottery. While the HECC may request additional scenario modeling for the PUSF, the specific PUSF request as currently drafted is at a level that would be consistent with the Board’s planned tuition approach.

On April 2, the HECC issued guidance for the universities’ capital submissions. That guidance indicated that 1) OSU-Cascades will be considered a separate institution for purposes of the 2019-21 prioritization process and 2) the HECC will prioritize projects for their 2019-21 capital request to the Governor from those projects included on a collective “Tier 1” listing developed by the university presidents. That Tier 1 listing, along with informational packets from each individual university, is due May 1. On behalf of the presidents, the vice presidents for finance and administration will continue working to develop the collective Tier 1 list between now and the May 1 submission.

This docket provides a summary of the university’s prioritized proposed capital requests for the 2019-21 biennium for Board consideration. The list of proposed projects is consistent with the Ten-Year Business Forecast. If approved, this list will guide the deliberations to arrive at a combined Tier 1 listing to submit to HECC. If guidelines for the operating funding request become available prior to the April 16 Board meeting, supplemental docket material will be provided to the Board for consideration. If not, the operating request will be presented at the May 31-June 1 Board meetings.

PROPOSED CAPITAL PROJECTS

Table 1 summarizes the proposed 2019-21 capital request to the HECC based on preliminary project costs.

| Description | Estimated total (million) | State-paid bonds (million) | OSU-paid bonds (million) | Gift funds (million) |
|---|---------------------------|----------------------------|--------------------------|----------------------|
| OSU-Corvallis Major Capital (≥\$5.0 M) | | | | |
| Educational Performing Arts Center | \$70.0 | \$35.0 | \$0.0 | \$35.0 |
| Cordley Hall Renovation Phase II | \$56.0 | \$28.0 | \$28.0 | \$0.0 |
| OSU-Cascades Major Capital (≥\$5.0 M) | | | | |
| Student Success Center | \$17.0 | \$12.0 | \$5.0 | \$0.0 |
| Land Development | \$17.5 | \$17.5 | \$0.0 | \$0.0 |
| Total | \$160.5 | \$92.5 | \$33.0 | \$35.0 |

Major Capital Projects

CORVALLIS CAMPUS

Educational Performing Arts Center: \$70.0 million (State-paid bonds of \$35.0 million, Gift funds of \$35.0 million)

The Educational Performing Arts Center will bring together OSU's programs in the arts—music, theater, the visual arts, and digital communication arts—that are currently distributed in suboptimal spaces around the campus, thus creating a thriving center of creativity infused with science and technology. This undertaking will enable OSU to bring unique arts programming to all Oregonians through teaching, research, performance, and community outreach and engagement. The Educational Performing Arts Center project will renovate and expand the existing LaSells Stewart Center, creating a leading edge academic facility to be used primarily for OSU educational arts programming. The complex will be an important part of the university's portfolio of both performance and outreach spaces.



Cordley Hall Renovation Phase II: \$56 million (State-paid bonds of \$28.0 million, OSU-paid bonds of \$28.0 million)

Cordley Hall is a 236,317 square foot (SF) teaching and research building, home to a large proportion of OSU's life-science research enterprise for the colleges of Science and Agricultural Sciences. Constructed in two phases in the early and mid-1950s, the building's systems are well past their expected life and pose a significant challenge and expense to maintain. The current condition of the building is detrimental to student and faculty recruitment and retention, and teaching and learning; and is negatively impacting the university's ability to conduct research in the biological sciences and agriculture. This phase will renovate the west side of Cordley Hall's (105,000 square feet) research laboratories and infrastructure, teaching facilities, offices, and other programmatic spaces for increased flexibility, increased efficiency, and greater functionality.



OSU-CASCADES

Student Success Center: \$17.0 million (State-paid bonds of \$12.0 million, OSU-paid bonds of \$5.0 million)

Development of a Student Success Center will improve learning outcomes and facilitate student engagement at OSU-Cascades. The current campus has limited dedicated student success space. According to the National Survey of Student Engagement (NSSE), which measures student involvement in academic and co-curricular programs, students who are more involved in an institution earn higher grades and persist to graduation.

The building (shown with bold text in the adjacent image) will include a combination of flexible use spaces for classroom, study and tutoring, advising and counseling, arts presentation, informal gathering, maker and student involvement (e.g. multi-cultural/social/outdoor programs). It will also provide offices for student success staff, including study abroad, service learning, sports and clubs, career counseling, and internship support. OSU-Cascades is considering the implementation of a new graduation requirement that would ensure every student participates in at least one type of engagement activity prior to graduation. The Student Success Center would help to facilitate this transition.



Land development: \$17.5 million (State-paid bonds)

To advance the physical development of OSU-Cascades 128-acre campus and support the growing academic and campus life programming, a second phase of land development is necessary of the former demolition landfill. This portion of the site will expand developable land for growth of the core academic and recreation districts of the campus. The improved land will support facility expansion including academic buildings, a health and wellness center, on-campus residences, recreation fields and additional parking and infrastructure improvements.

Capital Improvement and Renewal Projects

The seven public universities collectively ask the HECC to continue the pooled Capital Improvement and Renewal funding. This funding for minor deferred maintenance has been allocated historically to the universities based on the square footage of Education and General (E&G) buildings. The HECC is expected to review allocation methodologies in the future. For the 2017-19 biennium, the universities were appropriated \$50 million and Oregon State’s share is estimated to be about \$16 million.

RECOMMENDATION

Staff recommend that the Board of Trustees approve the 2019-2021 Capital Funding Request as presented in Table 1 above to guide the development of the combined Tier 1 list for submission to HECC.