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HIGHER EDUCATION COORDINATING COMMISSION

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FILING CAPTION: Capital Improvement and Renewal Funding Distribution Framework

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RULE TITLE: Capital Improvement and Renewal (CIR) Distribution

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RULE SUMMARY: This rule amendment clarifies the HECC's systematic approach to the allocation of capital improvement and renewal funding, once appropriated. The rule lays out what the public universities must do to qualify for State funding for CIR.

RULE TEXT:

- (1) Preamble. The objective of this rule is to provide a funding distribution framework to allocate to the public universities Capital Improvement and Renewal (CIR) funding that is approved by the Oregon Legislature. The intent of CIR funding is to help the public universities reduce over time, the amount of deferred maintenance and the number of code compliance, safety, and accessibility issues for space used for education and general activities. The distribution framework is based on the amount of adjusted space used for education and general activities and the weighted density of its use.
- (2) Definitions:
- (a) "Adjusted Education and General Gross Square Feet" is all Education and General Gross Square Feet not constructed or substantially renovated in the last ten years.
- (b) "Capital Improvement and Renewal" is the repair and replacement of facility assets to ensure continued functionality.
- (c) "Current Replacement Value (CRV)" is the calculated cost to reconstruct a facility in kind given material costs and market condition. CRV is escalated each fiscal year to match inflation.
- (d) "Deferred Maintenance" is maintenance that has gone unaddressed and was not performed as scheduled. The intent is that this definition aligns with the definition used by the Oregon Department of Administrative Services (DAS).
- (e) "Education and General (E&G)" are activities which support the general operations of the University and its primary missions of instruction, research, and public service.
- (f) "Education and General Gross Square Feet (E&G GSF)" is defined as the sum of all areas on all floors of a building dedicated to E&G usage. This includes all space within the outside faces of exterior walls, including all vertical penetration areas used for circulation and shaft areas that connect one floor to another. For the purposes of this rule

only, E&G GSF includes space utilized by the statewide public services, which includes the Agriculture Experiment Station, Extension Service and Forest Research Laboratory.

(g) "Higher Education Coordinating Commission" or "HECC" is the body established by ORS 350.050.

(h) "Public university" or "University" is any institution as defined in ORS 352.002.

(i) "Substantial renovation" is any renovation greater than 20% of the current replacement value.

(j) "Weighted Density Factor" measures the utilization of education and general space as defined by the number of students, staff, and faculty per unit of space weighted by the proportion of adjusted E&G GSF.

(3) The biennial allocation of CIR funding to each university shall be based on two factors with 85% of total CIR funding distributed based on adjusted E&G GSF and 15% of total CIR funding distributed based on weighted density factor.

Each university's total allocation will be the sum of the allocations from both factors.

(a) Allocations shall be determined once per biennium.

(b) No distributions shall be made until a valid reimbursement request is submitted to the HECC pursuant to agency practice and policy. A reimbursement request is not valid without an executed bond contract.

(4) Allocations of funding based on adjusted E&G GSF shall be determined as follows:

(a) Each university shall, by September 15 of every year, submit a summary inventory and declaration of changes of all buildings which contain E&G GSF on their campus, which shall include at least the following in a table format:

(A) Institution name,

(B) The name of any buildings,

(C) The building type or predominate use of the entire building using the primary Postsecondary Education Facilities Inventory and Classification Manual (FICM) codes,

(D) Building gross square feet (GSF),

(E) Percentage of E&G GSF of the building,

(F) E&G GSF,

(G) Age of building or beneficial occupancy year,

(H) Age of last substantial renovation,

(I) Cost of last substantial renovation,

(J) Current E&G Replacement Value,

(K) Whether the building is leased or owned by the university, and if it is a mix of the two, the proportion of each,

(L) Adjusted E&G GSF,

(M) Deferred Maintenance, and

(N) Facilities Condition Index as calculated by Deferred Maintenance divided by the Current Replacement Value.

(b) If the building is not 100% E&G GSF, the university shall provide documentation to substantiate the proportional allocation of E&G GSF within its submission and shall only include the E&G GSF in their submission.

(c) The HECC reserves the right to request any additional data and information needed to substantiate submissions.

(d) E&G GSF associated with a building constructed in the last ten years, or for which the date of substantial renovation was within the last ten years, will be excluded to determine the amount of adjusted E&G GSF for each university.

(e) HECC staff shall confirm and circulate final lists of adjusted E&G GSF by university no later than December 15 of each year.

(f) The proportional amount shall be used to calculate funding distributed to each university for this factor as illustrated in Table 1, CIR Allocation Calculations.

(5) Allocations of funding based on weighted density factor shall be determined as follows:

(a) The weighted density factor is derived from the total number of full-time equivalent faculty, staff, and students at each university divided into the total adjusted E&G GSF which is then weighted by the proportion of adjusted E&G GSF. The proportional amount shall be used to calculate the funding distributed to each university for this factor as illustrated in Table 1, CIR Allocation Calculations.

(b) The collection of full-time equivalent faculty, staff, and student data is managed by the HECC and summarized in a report mandated by Oregon Revised Statutes (ORS) 350.360. The full-time equivalent data used in the CIR Allocation

Calculations will come from the most recent report published by the HECC. Any related definitions for full-time equivalent data can be found within the report.

(6) The HECC reserves the right to request any additional data and information needed to substantiate submissions.

(7) This framework will be examined by the HECC as it determines appropriate. Any such reviews shall involve consultation with relevant partners as determined by the HECC. Any changes recommended by any workgroup formed to conduct such a review are advisory to the staff of the HECC.

(8) Once made, all HECC-determined allocations shall be considered final for the specific biennium.

(9) Allocations in this rule do not impact any other university funding.

STATUTORY/OTHER AUTHORITY: ORS 350.075

STATUTES/OTHER IMPLEMENTED: ORS 350.075, ORS 352.113

Table 1: Capital Improvement and Renewal (CIR) Allocation Calculations

Biennial Funding:	\$ 100,000,000	
Funding Available for Adjusted Space:	\$ 85,000,000	85.0%
Funding Available for Weighted Density:	\$ 15,000,000	15.0%

Column:	B	C	D	E	F	G	H	I	J	K
	E&G GSF Adjusted	E&G GSF Proportion	Space Allocation	Faculty and Staff FTE	Student FTE	Total FTE	Density Ratio	Weighted Density Factor	Density Allocation	Total Allocation
University 1	620,465	4.23%	3,593,924	343	2,050	2,393	0.00386	0.00016	383,263	3,977,186
University 2	530,445	3.61%	3,072,500	474	2,990	3,464	0.00653	0.00024	554,723	3,627,224
University 3	5,520,012	37.62%	31,973,605	6,242	27,575	33,816	0.00613	0.00230	5,415,796	37,389,401
University 4	2,332,148	15.89%	13,508,518	2,644	16,522	19,166	0.00822	0.00131	3,069,436	16,577,954
University 5	739,367	5.04%	4,282,641	562	3,330	3,892	0.00526	0.00027	623,317	4,905,958
University 6	4,152,730	28.30%	24,053,888	5,160	21,781	26,941	0.00649	0.00184	4,314,629	28,368,517
University 7	779,469	5.31%	4,514,924	618	3,371	3,989	0.00512	0.00027	638,836	5,153,760
TOTALS	14,674,636	100.00%	\$ 85,000,000	16,043	77,617	93,660		0.00638	\$ 15,000,000	\$ 100,000,000

Explanation by column:

- B E&G GSF is provided by each university. It is then adjusted for buildings and major renovations less than 10 years old.
- C Adjusted E&G GSF for each university (column C) is divided by the total for all universities (also column C).
- D For each university, the percent in column C is multiplied by the total funding available for adjusted space.
- E Data for each university is from Annual Report on Higher Education Employees (ORS 350.360)
- F Data for each university is from Annual Report on Higher Education Employees (ORS 350.360)
- G Total FTE = Column E + Column F
- H Density Ratio = Column G / Column B
- I Weighted Density Factor = Column H * Column C
- J For each university, the weighted density factor (column I) is multiplied by the total funding available for weighted density and then divided by the sum total of all weighted density factors (also column I).
- K Total Allocation = Column D + Column J