MINUTES

1. Call to Order/Roll Call/Welcome ............................................................................................................ 1
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   a. 2013-2015 Capital Budget – 40-40-20 Re-Prioritization .................................................................... 1
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Committee members present included: Chair Kirk Schueler, Lynda Ciuffetti, Orcilia Forbes, and Farbodd Ganjifard.

Chancellor’s Office staff present included: Chancellor George Pernsteiner, Vice Chancellor Jay Kenton, Michael Green, Karen Levear, Jan Lewis, Marcia Stuart, and Charles Triplett.

Others present included: Presidents Mike Gottfredson (UO), and Ed Ray (OSU); Vice Presidents, Jamie Moffitt (UO), Craig Morris (SOU), Monica Rimai (PSU), Lon Whitaker (EOU), Eric Yanke (WOU), Mary Ann Zemke (OIT); and Becky Johnson (OSU-Cascades) and Liz Shelby (SOU). Mr. Ben Cannon, Governor’s Office, also participated.

1. CALL TO ORDER/ROLL CALL/WELCOME

Chair Schueler called the meeting to order at 8:31 a.m.

2. ACTION ITEMS


Chair Schueler called upon Vice Chancellor Kenton to present the revised 2013-2015 capital budget. This reprioritization was initiated at the request of the Governor’s Office to better align the initial capital request with the state’s 40-40-20 goal. Kenton noted that in order to achieve 40-40-20, the System has to serve significantly more students, with some estimates suggesting a minimum 2 percent annual growth per year for OUS. In the reprioritization exercise, significant weight was placed on serving more students and serving students better. Kenton noted several challenges with reprioritizing the capital request exclusively on 40-40-20, including questions about research, public service, graduate education and non-residents.

Considerations such as philanthropic giving for capital projects and required capital repair and maintenance are also challenged under a strict 40-40-20 reprioritization. Historically, Article XI-G bonds are used to leverage donors to support campus growth and attract a greater philanthropy base. Similarly, although capital repair does not increase overall instructional space, it is essential to improving existing spaces and to continuing to serve student bodies with quality facilities that are accessible and code compliant.
Mr. Ben Cannon, Governor’s Office, acknowledged the work put into creating the first budget submission and the challenge this revision presented, given the short time frame. Supporting the state’s 40-40-20 goals is a high priority criteria but not the only criterion under consideration. Other factors including research, economic development, etc. are also important. Cannon acknowledged that there is not a “perfect list” noted that the revision does provide a clear indication of the weighting of the priorities in support of the 40-40-20 goals and he feels confident to inform the Governor that the list has been reorganized with a strong support of the Governor’s expressed goals. Committee members discussed whether or not the Governor and/or legislature will reprioritize the request; Cannon agreed that further reprioritization is possible. There are many competing capital requests outside of education that will impact what funds are available for the PK-20 budget.

Chair Schueler called upon campus representatives to provide brief comments.

- **EOU** Vice President Whitaker stated that he supports EOU’s reprioritization.
- **OIT** Vice President Zemke expressed disappointed in the reduction of their project in the ranking, from 6 to 10, as this will impact the donor gifting schedule.
- **OSU** President Ray commented that there are OSU projects that have been given lower ranking based on the new criteria.
- **PSU** Vice President Rimai suggested that the timing issues of the revision has changed the ranking of projects and may impact donor giving. She noted that every student, regardless of discipline or level of education, will be sorely impacted with the delay of the renovation and upgrades of Neuberger Hall.
- **SOU** Vice President Morris said that he was disappointed that Craig Hall was lower in the ranking from the original ranking. He noted that the Co-Generation Power Plant project has been deferred to the 2015-2017 biennium.
- **UO** President Gottfredson noted that as evidenced by everyone’s comments, there are too many deserving projects and too little money. He expressed his own concern regarding the ranking of the Science Commons and Research Library expansion and remodel, explaining that the project is a modernized facility that supports teaching more than the reprioritization suggests.
- **WOU** President Weiss spoke in support of the prioritization and WOU’s priority on the new College of Education building.

Director Ciuffetti thanked Dr. Kenton for his efforts and suggested that research should also be categorized as teaching. Having instructional space alongside research space is essential to attracting faculty and serving both undergraduate and graduate students. Chair Schueler agreed and stated his support for the original ranking which better reflected that point.

Chair Schueler requested that the original ranking be included along with the revised, so that the more detailed analysis is provided to the Governor. Dr. Kenton agreed and advised that Appendix A and the original rankings will be provided; Cannon urged that a description of the change in ranking be included, noting that teaching may not be the only consideration moving forward.
**ACTION:** Chair Schueler called for a motion to approve the revised capital budget priorities as based on evaluation criteria outlined in the December 6, 2012 memorandum. Director Forbes made the motion, to include the original rankings, description of the projects, and the impact to the campuses; Director Ganjifard seconded. Motion carried.

Vice Chancellor Kenton commented that a more definitive description of the 40-40-20 criteria is needed not only for the capital but also the operating budget for compilation of the System budget requests.

3. **ADJOURNMENT**
   With no further business proposed, Chair Schueler adjourned the meeting at 9:26 a.m.