Approve higher ed bonds

Now’s the time for UO science campus, other projects

Oregon legislators are often warned against taking on new initiatives during their short sessions in even-numbered years. They hear these warnings so often that lawmakers have a ready-made excuse for delaying timely action on important matters: Save it for the longer session next year. But short sessions like the one now under way in Salem sometimes offer a chance to act in the best interests of the state and its taxpayers. That’s the case with requests from three universities for bonding authority to finance well-justified and widely supported capital projects.

Among the projects is the University of Oregon’s Phil and Penny Knight Campus for Accelerating Scientific Impact. A $500 million pledge by the Knights has made it possible for the UO to plan and build the applied-sciences center. The UO needs $100 million in state bonds for the $1 billion project, $50 million of which were approved by the Legislature in 2017. The state’s remaining share could be reduced to $40 million if the Legislature approves bonding authority this year. Waiting until 2019 would delay progress toward completion of the center and leave the state with higher borrowing costs. UO President Michael Schill told The Register-Guard’s editorial board that the state’s total savings would amount to $16 million in reduced loan repayments.

Oregon State University is asking for $39 million to finance a second academic building at its new OSU-Cascades campus in Bend. The satellite campus, like the Central Oregon region, is booming, with enrollment projected to rise from about 1,000 today to about 2,000 in 2021. Enrollment could exceed 3,500 in 2027 if OSU has space for more students — but without the second academic building, growth would be constrained by the end of the decade. OSU President Ed Ray said a one-year delay in funding would result in a two-year delay in construction. The Legislature’s approval of bonds this year would permit the OSU-Cascades campus to meet student demand as it arises.

A third project, costing $9 million, is a new fieldhouse for Eastern Oregon University. The fieldhouse would complement and expand the La Grande university’s academic programs, enhance the experience of EOU students and serve the broader northeaster Oregon community. EOU President Tom Insko pointed out that the fieldhouse would represent a rare investment of public capital in rural Oregon.

Gov. Kate Brown recommends that all three projects be supported. In a letter urging the Interim Ways and Means Committee to move the projects forward, Brown noted that all three university buildings would make use of cross-laminated timber in their construction, demonstrating and promoting the use of a building material that promises to become a new market for Oregon’s engineered wood products industry.

State Treasurer Tobias Reid reported last week that the state has billions of dollars in bonding capacity, and that Oregon bonds remain highly rated on Wall Street. No one can predict what interest rates bonds will carry in the future, though it’s a safe bet that rates will never be much lower than they are right now. Any delay would result in increased construction expenses as labor costs and materials prices continue to climb.

The Legislature’s 35-day sessions are meant mainly for housekeeping and budget-balancing purposes; complex issues should be reserved for the 160-day sessions in odd-numbered years. But short sessions also allow the Legislature to seize opportunities when they arise. The universities’ bonding requests present such opportunities. In each case, the bonds would finance projects that would deserve support in 2019 — but would cost less and be completed sooner if they were authorized now. All three requests should be approved.