

## **Interim Charge 2**

Evaluate current and future capital infrastructure needs at Texas public universities, health-related institutions, and Texas State Technical Colleges in preparation for potential legislation to be considered by the 87th Legislature. Identify and evaluate alternatives to tuition revenue bonds for the State's funding of higher education capital infrastructure needs, including options for addressing deferred maintenance needs at aging campuses.

1. As a result of the pandemic, have institutions' infrastructure needs changed?

**One thing we have learned from COVID-19 is our students want, and need, the face to face modality. Due to the complexity of our students' needs, our current TRB requests are even more important for the State and the students we serve. Our aging infrastructure is a barrier to student success. Without TRBs, technologically advanced learning structures will not be possible. What we have learned from COVID-19 is the importance of space design to accommodate multiple learning environments. This funding will allow TSUS institutions to modernize and replace aged infrastructure and add much needed additional teaching and research space. These includes requests for nursing, allied health, STEM and remote learning space.**

2. How have institutions' needs changed since the 86th Legislature? Are there projects that were included in HB 2000 that are no longer needed, i.e., were funded through other means? Are there projects that were not included in HB 2000 that now are a need? If so, why?

**Sam Houston State University's TRB request to construct 100,000 square foot Allied Health Building in Conroe and a new request 80,000 square foot Active Learning Center on the main campus. Both are heavily informed by the university's recent experiences. The new request is for the building on the main campus will facilitate active learning and support student success through engaged, innovative teaching and learning environments, multi-modal research spaces for rapidly expanding programs and remodeled space for success-oriented services such as advising and mentoring programs, career services, enrollment management and other highly effective initiatives. Recent experiences dealing with hurricanes and COVID 19 add an increased level of importance and need to such space. SHSU must be able to configure classroom spaces in a variety of ways to accommodate various teaching modalities and class sizes, foster student collaboration, and offer complementary virtual content for students who would benefit from taking a synchronous online course. Designing spaces that are highly flexible teaching and learning environments enable institutional agility and support changes in instructional delivery in both form and function.**

**Texas State's infrastructure needs remain the same as what was presented last session, a STEM classroom building on the main campus in San Marcos and a Health Professions Building, which will allow all health professional programs to be housed on the Round Rock campus.**

**Lamar University's TRB request is more important in light of the current pandemic. When classes moved online for the spring, the library served as a critical resource for local students who were without reliable computers and/or internet service to complete assignments. Unfortunately, the very same small group spaces that will be a feature of our library remodel are in short supply in the current floor plan. Additionally, our TRB request plans for the inclusion of an expanded Digital Learning Center**

within the current Library building footprint. The pandemic (and resulting enrollment) certainly highlighted the need for improvement/expansion of our current digital learning technology and space and additional broadcast/video spaces in order to facilitate a higher volume of online coursework. Such resources will also be vital to online enrollment growth and several potential LU lead projects with local ISD's regarding online learning and resiliency. Lamar is not immune from adverse weather events and fully funding our TRB would allow us to more readily recover and support online learning for LU and our partners in the event of pandemics or adverse weather events – helping to maintain some continuity of education.

At LSCO, the construction of a new Academic Building is still needed. Facilities assessments of the current 100-year-old academic building indicate extreme deterioration of the exterior and significant upgrades to mechanical, plumbing, and electrical, are needed to ensure safety for students, faculty, and staff.

LSCPA nursing and allied health programs operate out of two separate buildings. One of which is a converted daycare facility. All programs are at capacity and we have no room for growth. COVID has only reinforced the need for specialized nursing facilities so we can produce well educated employees for the workforce who have trained on state-of-the-art equipment and who have learned current health care technology.

Sul Ross State University's TRB request for a nursing facility is even more important with the impact on COVID 19 on nursing shortages for the next decade.

LIT continues to grow and is in need of space on campus for face to face programs such as the Allied Health area. The request for a Workforce Training Center will create additional space for the institute's Allied Health programs, including nursing instruction, and will provide the Workforce Department with classroom space to engage with local business and industry.

System Administration will be bringing forward a new request to support our outdoor field laboratory and needed repair to the Ament Lake Dam at the Christmas Mountain in West Texas which is owned by TSUS.

3. If the pandemic has changed institutional needs, are there federal funds that could qualify to help offset COVID-related changes?

**All federal funds awarded have been allocated to offset the direct impact to students and/or to mitigate the cost of continued operations in a new normal environment. CARES funds are very restricted in the way they can be utilized and provide no long-term financial support mechanism.**

4. Has the economic recession impacted borrowing costs for a potential Tuition Revenue Bond? Are there any anticipated changes to the costs of borrowing in the future, should conditions remain as they are?

**Yes, borrowing costs have significantly declined, making long term debt more advantageous. The Bond Buyer Index for revenue bonds was 3.20% on January 2, 2020, compared to the same index as of August 20, 2020 of 2.57%. On a \$100 million project, the annual debt service would decrease by ~\$400,000 per year over the 20-year amortization. Additionally, commercial paper rates were around one percent in January 2020 and have decreased to around one-half of one percent.**

5. Are there financial or other benefits to paying for TRBs with cash rather than borrowing money?

**There are interest and financing costs associated with debt financing that would not exist if funded with General Revenue. The Legislature would have to consider the opportunity cost associated with funding capital projects with General Revenue. Additionally, debt financing allows the cost of the project to align more closely with the useful life of the facility.**

6. What kinds of longer-term impacts will we see to institutions if TRBs continue to be pushed off?

**Building infrastructure will become increasingly less reliable. The need to replace failing/failed components or infrastructure will result in less funds available for preventive maintenance and proactive replacement of aging building components and enhance the need and size of future TRB requests. Continued overuse of existing spaces which leads to increased maintenance costs. Higher densities on our campus which creates a possible health concern.**

**Students, parents, community members, and donors may become increasingly concerned with the quality of facilities. Facilities may fail or suffer additional damage during adverse weather events from lack of updating and maintenance.**