
HOUSE BILL 3329

State of Washington

60th Legislature

2008 Regular Session

By Representatives Fromhold, McDonald, Ormsby, Wallace, Alexander, Sells, and McIntire

Read first time 02/01/08. Referred to Committee on Capital Budget.

1 AN ACT Relating to the prioritization of public four-year
2 institution capital project requests; amending RCW 28B.76.210; adding
3 a new chapter to Title 43 RCW; creating new sections; and repealing RCW
4 28B.76.220.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the state's
7 public four-year institutions and the higher education coordinating
8 board have made progress in developing a process to create a single
9 prioritized list of capital project requests as required under RCW
10 28B.76.220. The legislature also finds the goal of creating
11 additional, innovative facilities and programs that meet the learning
12 needs of students throughout the state in a timely and cost-effective
13 fashion requires a new approach to facility prioritization that
14 emphasizes strategic planning. The legislature therefore intends to
15 establish a new process for prioritizing capital project requests by
16 the four-year institutions that utilizes the expertise and government-
17 wide perspective of the office of financial management, and that is
18 based upon the model that has been used successfully by the community
19 and technical college system. The new process must emphasize objective

1 analysis, a statewide perspective, and a strategic balance among
2 facility preservation, new construction, and innovative delivery
3 mechanisms. The legislature further recognizes that institutions of
4 higher education are likely to require substantial new capital
5 investments in order to continue to provide a wide range of high
6 quality programs to students and the community, and that the state's
7 ability to provide such resources is constrained by increasing capital
8 expenditure needs within the K-12, public safety, social services, and
9 community economic development arenas. The legislature therefore
10 intends to identify and assess potential alternative means for
11 increasing the capacity of public higher education institutions to meet
12 the demands of the twenty-first century.

13 NEW SECTION. **Sec. 2.** (1) By November 1st of each even-numbered
14 year, beginning in 2008, the office of financial management shall
15 complete an objective analysis and scoring of all capital budget
16 projects proposed by the public four-year institutions of higher
17 education and submit the results of the scoring process to the
18 legislative fiscal committees, the higher education coordinating board,
19 and the four-year institutions. Each project must be reviewed and
20 scored within one of the following categories, according to the
21 project's principal purpose. Each project may be scored in only one
22 category. The categories are:

23 (a) Access-related projects to accommodate enrollment growth.
24 Growth projects should provide significant additional student capacity.
25 Proposed projects must demonstrate that they are based on solid
26 enrollment demand projections and make cost-effective use of existing
27 and proposed new space;

28 (b) Projects that replace failing permanent buildings or renovate
29 facilities to restore building life and upgrade space to meet current
30 program requirements. Facilities that cannot be economically renovated
31 are considered replacement projects. Renovation projects should
32 represent a complete renovation of a total facility or an isolated wing
33 of a facility. A reasonable renovation project should cost between
34 sixty to eighty percent of current replacement value and restore the
35 renovated area to at least twenty-five years of useful life. New space
36 may be programmed for the same or a different use than the space being

1 replaced or renovated and may include additions to improve access and
2 enhance the relationship of program or support space;

3 (c) Major stand-alone campus infrastructure projects;

4 (d) Projects that promote economic growth and innovation through
5 expanded research activity. The acquisition and installation of
6 specialized equipment is authorized under this category; and

7 (e) Other project categories as determined by the office of
8 financial management in consultation with the legislative fiscal
9 committees.

10 (2) The office of financial management, in consultation with the
11 legislative fiscal committees and the joint legislative audit and
12 review committee, shall establish a scoring system and process for each
13 four-year project category that is based on the framework used in the
14 community and technical college system of prioritization. Staff from
15 the state board for community and technical colleges, the higher
16 education coordinating board, and the four-year institutions shall
17 provide technical assistance on the development of a scoring system and
18 process.

19 (3) The office of financial management shall consult with the
20 legislative fiscal committees in the scoring of four-year institution
21 project proposals, and may also solicit participation by the joint
22 legislative audit and review committee and independent experts.

23 (a) For each four-year project category, the scoring system must,
24 at a minimum, include an evaluation of enrollment trends,
25 reasonableness of cost, the ability of the project to enhance specific
26 strategic master plan goals, age and condition of the facility if
27 applicable, and impact on space utilization.

28 (b) Each four-year project category may include projects at the
29 predesign, design, or construction funding phase.

30 (4) In evaluating and scoring four-year institution projects, the
31 office of financial management shall take into consideration project
32 schedules that result in realistic, balanced, and predictable
33 expenditure patterns over the ensuing three biennia.

34 (5) The office of financial management shall distribute common
35 definitions, the scoring system, and other information required for the
36 project proposal and scoring process as part of its biennial budget
37 instructions, except that, for the 2009-2011 budget development cycle,
38 this information must be distributed by July 1, 2008. The office of

1 financial management, in consultation with the legislative fiscal
2 committees and the joint legislative audit and review committee, shall
3 develop common definitions that four-year institutions must use in
4 developing their project proposals and lists under this section.

5 (6) In developing any scoring system for capital projects proposed
6 by the four-year institutions, the office of financial management:

7 (a) Shall be provided with all required information by the four-
8 year institutions as deemed necessary by the office of financial
9 management;

10 (b) May utilize independent services to verify, sample, or evaluate
11 information provided to the office of financial management by the four-
12 year institutions; and

13 (c) Shall have full access to all data maintained by the higher
14 education coordinating board and the joint legislative audit and review
15 committee concerning the condition of higher education facilities.

16 (7) By August 15th of each even-numbered year, beginning in 2008,
17 each public four-year higher education institution shall prepare and
18 submit a single prioritized list of the individual projects proposed by
19 the institution, except for research institutions which shall prepare
20 two separate prioritized lists, one for the main campus, and one
21 covering all of the institution's branch campuses, to the office of
22 financial management and the legislative fiscal committees. The four-
23 year institutions may aggregate minor works project proposals by
24 primary purpose for ranking purposes. Proposed minor works projects
25 must be prioritized within the aggregated proposal, and supporting
26 documentation, including project descriptions and cost estimates, must
27 be provided to the office of financial management and the legislative
28 fiscal committees.

29 NEW SECTION. **Sec. 3.** The higher education coordinating board and
30 the state board for community and technical colleges shall submit a
31 higher education capital facility financing study to the governor and
32 the appropriate legislative fiscal committees by December 1, 2008. The
33 study must include:

34 (1) A review of the methods that are used to fund higher education
35 facility expansion and improvements in other states, with particular
36 emphasis on Washington's global challenge states, and the relative

1 portions of such expenditures that are borne by students, state
2 taxpayers, federal grants, and private contributions;

3 (2) An examination of alternatives for reducing facility
4 construction and maintenance expenditures per student through
5 strategies such as expansion of distance learning opportunities,
6 increased scheduling of classes during evenings and weekends, the
7 establishment of expected cost benchmarks by facility type, and other
8 means; and

9 (3) An assessment of the strengths and weakness of potential new
10 revenue sources that might be applied to the funding of higher
11 education facilities. These alternative sources must include, but not
12 be limited to, adjusting student fees to support a larger share of the
13 cost of such facilities, bonding against student fee revenues,
14 utilizing local tax revenues to support local higher education capital
15 needs, promoting business participation in the financing of programs
16 strongly linked to area economic development, and other means.

17 **Sec. 4.** RCW 28B.76.210 and 2007 c 458 s 202 are each amended to
18 read as follows:

19 (1) The board shall collaborate with the four-year institutions
20 including the council of presidents, the community and technical
21 college system, and when appropriate the workforce training and
22 education coordinating board, the superintendent of public instruction,
23 and the independent higher educational institutions to identify budget
24 priorities and levels of funding for higher education, including the
25 two and four-year institutions of higher education and state financial
26 aid programs. It is the intent of the legislature that recommendations
27 from the board reflect not merely the sum of budget requests from
28 multiple institutions, but prioritized funding needs for the overall
29 system of higher education.

30 (2) By December of each odd-numbered year, the board shall
31 distribute guidelines which outline the board's fiscal priorities to
32 the institutions and the state board for community and technical
33 colleges.

34 (a) The institutions and the state board for community and
35 technical colleges shall submit an outline of their proposed operating
36 budgets to the board no later than July 1st of each even-numbered year.
37 Pursuant to guidelines developed by the board, operating budget

1 outlines submitted by the institutions and the state board for
2 community and technical colleges after January 1, 2007, shall include
3 all policy changes and enhancements that will be requested by the
4 institutions and the state board for community and technical colleges
5 in their respective biennial budget requests. Operating budget
6 outlines shall include a description of each policy enhancement, the
7 dollar amount requested, and the fund source being requested.

8 (b) Capital budget outlines for the two-year institutions shall be
9 submitted by August 15th of each even-numbered year, and shall include
10 the prioritized ranking of the capital projects being requested ((by
11 two-year and four-year institutions, respectively. A)), a description
12 of each capital project, and the amount and fund source being
13 requested((, shall be included for each capital project appearing in
14 the prioritized ranking)).

15 (c) Capital budget outlines for the four-year institutions must be
16 submitted by July 1st of each even-numbered year, and must include:
17 The institutions' priority ranking of the project; the capital budget
18 category within which the project will be submitted to the office of
19 financial management in accordance with section 2 of this act; a
20 description of each capital project; and the amount and fund source
21 being requested.

22 (d) The office of financial management shall reference these
23 reporting requirements in its budget instructions.

24 (3) The board shall review and evaluate the operating and capital
25 budget requests from four-year institutions and the community and
26 technical college system based on how the requests align with the
27 board's budget priorities, the missions of the institutions, and the
28 statewide strategic master plan for higher education under RCW
29 28B.76.200.

30 (4) The board shall submit recommendations on the proposed budgets
31 and on the board's budget priorities to the office of financial
32 management (~~before~~) by October 1st of each even-numbered year, and to
33 the legislature by January 1st of each odd-numbered year. The board's
34 capital budget recommendations for the four-year institutions shall
35 include the relative share of the higher education capital budget that
36 the board recommends be assigned to each project category, as defined
37 in section 2 of this act, and to minor works program and preservation.

1 (5) Institutions and the state board for community and technical
2 colleges shall submit any supplemental budget requests and revisions to
3 the board at the same time they are submitted to the office of
4 financial management. The board shall submit recommendations on the
5 proposed supplemental budget requests to the office of financial
6 management by November 1st and to the legislature by January 1st.

7 NEW SECTION. **Sec. 5.** RCW 28B.76.220 (Prioritized capital project
8 lists for higher education institutions) and 2004 c 275 s 8 & 2003 1st
9 sp.s. c 8 s 2 are each repealed.

10 NEW SECTION. **Sec. 6.** Section 2 of this act constitutes a new
11 chapter in Title 43 RCW.

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