

HOUSE BILL REPORT

HB 1325

As Reported by House Committee On: Capital Budget

Title: An act relating to the evaluation and prioritization of capital budget projects at the public two-year and four-year institutions of higher education.

Brief Description: Concerning the evaluation and prioritization of capital budget projects at the public two-year and four-year institutions of higher education.

Sponsors: Representatives Tharinger, Tarleton and Jinkins; by request of Office of Financial Management.

Brief History:

Committee Activity:

Capital Budget: 2/3/17, 2/23/17 [DPS].

Brief Summary of Substitute Bill

- Requires the Office of Financial Management (OFM) to develop space and cost standards and a scoring and weighting tool for capital facilities at higher education institutes.
- Requires the OFM to develop a single list of scored higher education capital projects for consideration in the upcoming biennial capital budget without weighting the criteria.
- Requires the Council of Presidents to submit a single prioritized list to the legislative fiscal committees and the OFM by January 1 of odd-numbered years.
- Removes duplicative language and certain required scoring criteria.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye, Johnson, Koster, Kraft, MacEwen, Macri, Morris, Reeves, Riccelli, Ryu, Sells, Steele, Stonier and J. Walsh.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Christine Thomas (786-7142).

Background:

In 2003 the Legislature directed the Council of Presidents and the Higher Education Coordinating Board (HECB) to develop a method to guide capital appropriation decisions by rating and individually ranking all major capital projects for public four-year institutions. The resulting list of ranked projects was to be approved by the governing boards of each four-year institution.

In 2005 the Legislature provided additional guidance to refine the method used for the ranking of four-year institutions construction project requests. Greater emphasis was placed on early critical review of project proposals. Scoring and ranking of projects could not be based on assigning an equal number of overall points to each four-year institution. The ranking was to address statewide priorities, and the process was to use a facility condition index established by the Joint Legislative Audit and Review Committee.

In 2008 legislation further modified the prioritization process by requiring the Office of Financial Management (OFM) to complete an analysis and scoring of all four-year institution construction projects. Each of the proposed projects are scored within a single project category according to its primary purpose. The seven project categories are: predesign; enrollment growth; replacement and renovation; major campus infrastructure; research projects that promote economic growth and innovation; land acquisition; and other project categories as determined by the OFM and the legislative fiscal committees.

In 2011 legislation replaced the HECB with the Washington Student Achievement Council (WSAC). The 2011 legislation also made further changes to the four-year scoring process and required the OFM, and not the WSAC, to rank major capital projects at the four-year institutions in a single list in priority order. The legislation directed the WSAC to identify a combination of projects that will most cost-effectively achieve the state's goals. These goals include:

1. increasing baccalaureate and graduate degree production, particularly in high-demand fields;
2. promoting economic development through research and innovation;
3. providing quality, affordable educational environments;
4. preserving existing assets; and
5. maximizing the efficient utilization of instructional space.

The OFM is also required to assume that the overall funding level of the prioritized list remains the same as the level of funding provided by the Legislature in the previous biennium.

In 2015 the Legislature included a provision in the 2015-17 Capital Budget that directed the OFM to form a four-year prioritized capital project list technical workgroup with staff from the Office of Program Research, Senate Committee Services, the four-year institutions, and the Council of Presidents. The workgroup reported its findings and recommendations in December 2015. Recommendations included proposed statutory changes to eliminate redundancies and contradictions in competing statutes.

Summary of Substitute Bill:

The Office of Financial Management (OFM) must develop standards for learning space utilization and reasonableness of cost, as well as a scoring and weighting tool for capital facilities projects at higher education institutes. The OFM must provide technical assistance in using the scoring and weighting tool. The OFM must develop a single list of higher education capital projects, which bases a scoring process of the projects by category or a combination of categories, for consideration in the upcoming biennial capital budget. No criteria may be weighted higher than other criteria in scoring the projects for the single list. The Council of Presidents, using the weighting tool developed by the OFM, must prioritize the single list and submit the single prioritized list to the legislative fiscal committees and the OFM by January 1 of odd-numbered years. Duplicative language and certain required scoring criteria are removed.

Substitute Bill Compared to Original Bill:

The original bill made technical changes to remove duplicative language in two separate, but related, statutes. The substitute bill makes substantive policy and administrative changes to the higher education prioritization process as described in the summary of the substitute bill.

Appropriation: None.**Fiscal Note:** Available.**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.**Staff Summary of Public Testimony:**

(In support) The various constituent groups should work together to come forward with a single prioritized list of higher education capital projects. This is a cleanup bill derived from recommendations made by a workgroup that looked at the prioritization process of capital projects at higher education institutions. Removing duplicative language cleans up due dates and double reporting to create efficiencies. It is not a fundamental restructuring, though it does align statutes to reflect the process as it has evolved. The process is streamlined and made more useful to legislators.

(Opposed) None.

Persons Testifying: Jim Crawford, Office of Financial Management; and Cody Eccles, Council of Presidents.**Persons Signed In To Testify But Not Testifying:** None.