

SENATE BILL REPORT

2SHB 1325

As of February 23, 2018

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: House Committee on Capital Budget (originally sponsored by Representatives Tharinger, Tarleton and Jinkins; by request of Office of Financial Management).

Brief History: Passed House: 2/13/18, 98-0.

Committee Activity: Ways & Means: 2/24/18.

Brief Summary of Bill

- Requires the Office of Financial Management (OFM) to develop learning space utilization standards, reasonableness of cost standards, a scoring and prioritization matrix for capital facilities projects at higher education institutions (HEI), and provide technical assistance to the legislative fiscal committees and four-year HEI in using the scoring and prioritization matrix.
- Removes requirements for OFM to produce a single, prioritized list for the Legislature to consider.
- Allows OFM to score and weigh HEI capital project proposals by capital project category, or combination of categories.
- The requirement of four-year and two-year HEIs to submit prioritized lists of capital projects to the OFM is replaced with a requirement that four-year HEIs submit project proposals to be scored by OFM and HEIs can prioritize up to five of those projects.

SENATE COMMITTEE ON WAYS & MEANS

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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.

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 of higher education. 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 score 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 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 OFM, and not WSAC, to rank major capital projects at the four-year institutions in a single list in priority order. The legislation directed WSAC to identify a combination of projects that will most cost-effectively achieve the state's goals. These goals include:

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

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 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 Bill: OFM is required to develop learning space utilization standards, reasonableness of cost standards, and a scoring and prioritization matrix for capital facilities projects at higher education institutions (HEIs). OFM must provide technical assistance to the legislative fiscal committees and four-year HEIs in using the scoring and prioritization matrix.

OFM is no longer required to produce a single, prioritized list for the Legislature to consider and the criteria by which the list must be prioritized, but is instead directed to score projects based on how well the project met the scoring criteria so decision makers can later use the prioritization matrix to weigh the importance of the scoring criteria. OFM may score and weigh HEI capital project proposals by capital project category or combination of categories.

Four-year and two-year HEIs are no longer required to submit prioritized lists of capital projects to OFM. Instead four-year HEIs must submit new or previously-scored capital project proposals to be scored by OFM, and may prioritize up to five of those projects.

Technical changes are made to project category definitions and scoring criteria. References to data of HEI facilities that are no longer maintained by the Joint Legislative Audit and Review Committee are removed. Duplicative language is removed.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of the session in which the bill is passed.