

HOUSE BILL REPORT

HB 2151

As Reported by House Committee On:
Capital Budget

Title: An act relating to prioritizing proposed capital projects of higher education institutions.

Brief Description: Prioritizing proposed higher education capital projects.

Sponsors: Representatives Alexander, Dunshee, Sommers, Cox and Sehlin.

Brief History:

Committee Activity:

Capital Budget: 3/3/03, 3/10/03 [DPS].

Brief Summary of Substitute Bill

- Declares an intent that a methodology be developed that will guide capital appropriation decisions by rating and individually ranking all major capital projects proposed by the two-year and four-year public universities and colleges into a single list.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Dunshee, Chair; Hunt, Vice Chair; Alexander, Ranking Minority Member; Priest, Assistant Ranking Minority Member; Armstrong, Benson, Blake, Bush, Chase, Flannigan, Hankins, Hinkle, Kirby, Mastin, McIntire, Morrell, Murray, Newhouse, O'Brien, Orcutt, Schoesler, Simpson and Woods.

Minority Report: Do not pass. Signed by 2 members: Representatives Lantz and Veloria.

Staff: Marziah Kiehn-Sanford (786-7349).

Background:

The state adopts a biennial Capital Budget each odd-numbered year, appropriating moneys for a variety of capital projects and programs. In preparation for this budget,

state agencies and higher education institutions prepare and submit budget requests to the Governor's Office. The Governor then submits a budget request to the Legislature shortly before the legislative session.

A significant portion of Capital Budget appropriations goes to higher education institutions. There are six four-year institutions: The University of Washington; Washington State University; Central Washington University; Eastern Washington University; The Evergreen State College; and Western Washington University. These institutions are governed by regents or trustees, who have a significant amount of autonomy in the governance of their institutions. The 34 community and technical colleges are governed by the State Board for Community and Technical Colleges (SBCTC). Each of the six four-year institutions and the SBCTC provide Capital Budget requests for each biennium to the Governor's Office and the Legislature.

Capital Budget appropriations for higher education institutions typically fall into one of three categories: 1) Providing access for students; 2) facility preservation and renovation; and 3) institutional mission. A recent study by the Joint Legislative Audit and Review Committee (JLARC) found there is a significant backlog of facility infrastructure projects throughout higher education institutions. The report of the 2002 Capital Budget Interim Workgroup on Higher Education Facilities recommended that for the 2003-05 biennium priority be given to: 1) Critical preservation projects at all institutions; and 2) to providing access at the community and technical colleges. Preservation/renovation projects that were necessary for program suitability and mission at all institutions were also highlighted by the workgroup.

The Higher Education Coordinating Board (HECB) provides a ranking of projects by category. Projects within a category, such as preservation, are not prioritized by the HECB, but are listed alphabetically by institution and then by institutional priority. This list includes the community and technical colleges as well as the four-year institutions. The SBCTC ranks all of its recommended projects in priority order based on criteria it developed with the 34 community and technical colleges.

Summary of Substitute Bill:

Beginning with the 2005-2007 biennium, the four-year institutions and the two-year institutions will submit separate prioritized lists of major projects. The two-year institutions' list will be prepared by the SBCTC. The four-year list will be prepared by the four-year institutions in consultation with the Council of Presidents and the HECB. The HECB will generate the four-year list if the four-year institutions are unable to agree to a list or to complete the approval process. The HECB will combine the two and four-year lists and submit an integrated list to the Office of Financial Management (OFM) as the HECB budget proposal.

For ranking repairs and renovations to existing systems, consideration must be given to the age and condition of buildings, program-suitability of the facility, and the utilization of the facility. For ranking new facilities, consideration must be given to existing capacity, space utilization levels, and projected enrollment and staffing. Minor works projects can be ranked as one project.

In developing the rating/ranking of projects, the HECB must be provided with available information by higher education institutions, the OFM, and the JLARC. The HECB may also use independent service providers.

Substitute Bill Compared to Original Bill:

In the original bill the HECB prepares a prioritized list of major project in consultation with the four-year institutions. The SBCTC prepares a prioritized list and the HECB combines the lists into one list, ranking all the higher education proposed projects. This combined list is submitted by the HECB to the OFM as its budget recommendation.

Under the substitute bill, the four-year institutions prepare their own combined list in consultation with the Council of Presidents, a voluntary organization, and the HECB. If the four-year list is not approved or completed using the criteria framework supplied by the HECB within a required time frame, the HECB is authorized to prepare the list and merge that list with the SBCTC list as its budget recommendation. The HECB, in consultation with the JLARC and the OFM, must develop a common set of definitions to be used in developing the higher education project ranking lists.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The bill provides for a better link between long range operating and capital planning, and establishes common definitions and priorities on a systemwide basis. It should encourage collaboration between two-year and four-year higher education institutions. Some separate boards are already ranking disparate projects that budget drafters find helpful in understanding systemwide priorities. A strategic vision for higher education is needed and the list will bring Washington closer to that goal.

(With concerns) This new procedure will change the relationship between higher education institutions and the Legislature. The four-year institutions should work together with a group who is closer to the stakeholders who understand one another. It is

a challenge to pull together a coordinated list. The SBCTC already spends 18 months generating its list which is a shorter range view than that of the OFM. Generating a systemwide list will be more of a challenge absent a current overall strategy.

Testimony Against: None.

Testified: (In support) Representative Gary Alexander, prime sponsor; Jim Reed, Higher Education Coordinating Board; and Marty Brown, Office of Financial Management.

(With concerns) Terry Teale, Council of Presidents; and Tom Henderson, State Board for Community and Technical Colleges.