
Capital Budget Committee

HB 3329

Brief Description: Prioritizing four-year higher education institutions' capital project requests.

Sponsors: Representatives Fromhold, McDonald, Ormsby, Wallace, Alexander, Sells and McIntire.

Brief Summary of Bill

- Directs the Office of Financial Management (OFM) to complete an objective analysis and scoring of all capital budget projects proposed by the public four-year institutions by November 1 of each even-numbered year, beginning in 2008.
- Repeals the Council of Presidents' and the Higher Education Coordinating Board's (HECB) responsibilities with regard to prioritizing four-year institution capital projects.
- Directs the State Board for the Community and Technical Colleges (SBCTC) and the HECB to submit a higher education facility funding study to the Governor and Legislature by December 1, 2008.

Hearing Date: 2/5/08

Staff: Susan Howson (786-7142).

Background:

Washington adopts a biennial capital budget each odd-numbered year, appropriating moneys for a variety of capital projects and programs. State agencies, including higher education institutions, prepare and submit budget requests to the OFM in the fall of each even-numbered year for consideration in the biennial capital budget. The Governor evaluates the requests and submits a proposed budget to the Legislature prior to the legislative session.

Washington has six public four-year institutions of higher education: the University of Washington, Washington State University, Central Washington University, Eastern Washington University, The Evergreen State College, and Western Washington University. The state is

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budgeted to incur \$356 million of new general obligation bond indebtedness this biennium to support capital construction and renovation projects at these institutions. Additionally, the state will expend \$146 million from the education construction account, student building fees, and other cash accounts to finance capital projects at the six four-year institutions.

For the past two biennial budget cycles, beginning in 2005-07, statute has required the six public institutions to work together to prepare a unified budget proposal that ranks all of the institutions' individual project proposals into a single prioritized list. The HECB establishes common definitions, project categories, and general priorities that the four-year institutions use in developing the prioritized list. The governing boards of each of the six institutions review and approve the single prioritized list. If one or more of the governing boards do not approve the proposed single list, the HECB is to prepare the prioritized list.

In 2005 and 2007, the Legislature provided additional guidance to refine the methodology used for the ranking of proposed four-year projects. Additional guidance included the following: (1) greater emphasis must be placed on the early review of project proposals at the pre-design phase and on the bow-wave implications of proposed projects; (2) the assignment of points should not be based on assigning an equal number of overall points to each four-year institution; (3) the ranking process must address statewide priorities; (4) the comparable facility condition information developed by the Joint Legislative Audit and Review Committee (JLARC) should be used; (5) projects must not be ranked on the basis of a project's proposed funding source; and (6) an explanation of how proportionality factors relate to statewide priorities must be provided to the Legislature.

The SBCTC also recommends a single prioritized list of all proposed community and technical college capital budget proposals. Under the SBCTC system, colleges do not score their own projects; individual colleges do not have the authority to veto the system-wide proposal; each project is scored and prioritized within a single category according to its primary purpose; and system officials develop the single prioritized list based upon an assessment of the relative amount of resources that should be devoted to each type of project, with the goal of providing for an orderly and sequential expenditure pattern over the ensuing three biennia.

The HECB submits recommendations on the HECB's priorities and the proposed capital budgets of the community and technical colleges and four-year institutions by October 1 of each even-numbered year, and to the Legislature by January 1 of each odd-numbered year.

Summary of Bill:

The current responsibilities of the HECB and the individual four-year institutions with regard to prioritizing capital project proposals are repealed. Instead, the OFM, in consultation with the legislative fiscal committees and the JLARC, must develop common definitions and a scoring system and process that is to be used for scoring the four-year institutions' project requests. The scoring system and process is based on the framework used by the SBCTC. By November 1 of each even-numbered year, beginning in 2008, the OFM must complete an objective analysis and scoring of all capital budget projects proposed by the public four-year institutions, in consultation with the legislative fiscal committees and must submit the results of its scoring to the legislative fiscal committees, the HECB, and the four-year institutions.

Each proposed project is to be scored within a single project category, according to its primary purpose. The project categories are: (1) enrollment growth; (2) replacement and renovation; (3) major campus infrastructure; (4) research projects that promote economic growth and innovation; and (5) other project categories as determined by the OFM and the legislative fiscal committees.

The OFM must distribute common definitions, the scoring system, and other information required for project proposals and the scoring process as part of its biennial budget instructions. For the 2009-11 budget development cycle, this information must be distributed by the OFM by July 1, 2008.

In developing any scoring system for capital projects proposed by the four-year institutions, the OFM may utilize independent services to verify, sample, or evaluate information provided to the OFM by the four-year institutions.

By August 15 of each even-numbered year, beginning in 2008, each four-year institution must prepare and submit a single prioritized list of the individual projects proposed by the institution, except for research institutions, which shall prepare two separate prioritized lists, one for the main campus, and one covering all of the institutions' branch campuses, to the OFM and the legislative fiscal committees.

The HECB's capital budget recommendations to the Governor and Legislature must include the relative share of the higher education capital budget that the board recommends be assigned to each project category and to minor works program and preservation projects.

The SBCTC and the HECB must submit a higher education facility funding study to the Governor and Legislature by December 1, 2008. The study must include: (1) a review of the methods that are used to fund higher education in other states; (2) an examination of alternatives for reducing facility construction and maintenance expenditures per student through various strategies; and (3) an assessment of the strengths and weaknesses of potential new revenue sources that might be applied to the funding of higher education facilities.

Appropriation: None.

Fiscal Note: Requested on 2/1/08.

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