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## Capital Budget Committee

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### HB 1898

**Brief Description:** Setting priorities for higher education capital projects.

**Sponsors:** Representatives Dunshee, Warnick and Pearson.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Prioritizes four-year higher education institutions' capital requests into one list.</li></ul>
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**Hearing Date:** 2/9/09

**Staff:** Steve Masse (786-7115)

**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 Office of Financial Management (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.

**Four Year Institution Capital Project Scoring**

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 four-year institutions have requested \$709 million of new general obligation bonds for the biennium to support capital construction and renovation projects.

Beginning in 2005-07, the six public institutions have been required to collaborate on a unified budget proposal that ranks all of the institutions' individual project proposals into a single prioritized list. For this process, the Higher Education Coordinating Board (HECB) established common definitions, project categories, and general priorities that the four-year institutions use

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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 required to prepare the prioritized list.

During the 2005-07 and 2007-09 biennia, the Legislature provided additional guidance to refine the methodology used for ranking of proposed four-year projects. Additional guidance included the following: (1) greater emphasis on the early review of project proposals at the pre-design phase and on the future cost implications of proposed projects; (2) the assignment of points not be based on assigning an equal number of overall points to each four-year institution; (3) address statewide priorities; (4) use of the comparable facility condition information developed by the Joint Legislative Audit and Review Committee (JLARC); (5) projects not be ranked on the basis of a project's proposed funding source; and (6) requiring an explanation of how proportionality factors relate to statewide priorities.

In 2008 the Legislature amended the statute by requiring that the four year institutions' capital projects be submitted in one of five categories to the OFM. The amended statute also requires that the projects be scored by an objective panel. The categories are: (1) growth; (2) research; (3) infrastructure; (4) renovation; (5) replacement. The scored, categorized projects must be submitted to the Governor and the Legislature.

### **Community College Capital Project Scoring**

The State Board for Community and Technical Colleges (SBCTC) recommends a single prioritized list of all proposed community and technical college capital budget requests. Under the SBCTC system, the individual community and technical 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 SBCTC 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. The goal is to provide a sequential expenditure pattern over the ensuing three biennia.

### **Higher Education Coordinating Board**

The HECB submits recommendations to the OFM 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 bill requires the Office of Financial Management (OFM) to convene a board every two years to prioritize the four year institutions' capital project requests within the five categories into one list. The board would consist of representatives from the Higher Education Coordinating Board, Council of Presidents, OFM, and the Washington State Economic Development Council. The priorities would be based on criteria such as desired growth in degrees, management of existing assets, and operating and capital budget projections. The prioritized list must be submitted to the Legislature.

**Appropriation:** None.

**Fiscal Note:** Requested on 2/4/09.

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