

SB 5087 - H COMM AMD
By Committee on Capital Budget

NOT CONSIDERED 01/05/2018

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The office of financial management,
4 in consultation with the legislative fiscal committees, the state
5 board for community and technical colleges, and the public four-year
6 institutions of higher education, shall:

7 (a) Develop learning space utilization standards for higher
8 education facilities. The standards may include:

9 (i) Percentage of hours utilized per scheduling window;

10 (ii) Percentage of seats utilized;

11 (iii) Square feet per seat; and

12 (iv) Type of technology utilized in learning spaces.

13 (b) Develop reasonableness of cost standards for higher education
14 capital projects. The standards may include:

15 (i) Costs per square feet per type of facility;

16 (ii) Expected life-cycle costs; and

17 (iii) Project schedules that result in realistic, balanced, and
18 predictable expenditure patterns over the ensuing three biennia.

19 (c) Develop a criteria scoring and prioritization matrix for use
20 by four-year higher education institutions and other decision makers
21 to produce single prioritized lists of higher education capital
22 projects that consists of two components:

23 (i) A numeric rating scale that assesses how well a particular
24 project satisfies higher education capital project criteria; and

25 (ii) A numeric measure to weigh the importance of those criteria.

26 (2) The office of financial management shall provide technical
27 assistance to the legislative fiscal committees and the four-year
28 institutions in using the criteria scoring and prioritization matrix
29 developed in subsection (1)(c) of this section.

30 **Sec. 2.** RCW 43.88D.010 and 2012 c 229 s 821 are each amended to
31 read as follows:

1 (1) By October 1st of each even-numbered year, the office of
2 financial management shall complete an objective analysis and scoring
3 of all capital budget projects proposed by the public four-year
4 institutions of higher education and submit the results of the
5 scoring process to the legislative fiscal committees and the four-
6 year institutions. Each project must be reviewed and scored within
7 ~~((one of))~~ the following categories~~((, according to the project's~~
8 ~~principal purpose))~~. ~~((Each))~~ Projects with more than one categorical
9 component as defined in (a) through (f) of this subsection may be
10 scored in ~~((only))~~ more than one category and weighted as a ratio of
11 costs attributed to that categorical component to total project
12 costs. The categories are:

13 (a) ~~((Access-related))~~ Growth projects to accommodate enrollment
14 growth at ~~((main and branch))~~ higher education campuses, at existing
15 or new university centers, or through distance learning. Growth
16 projects should provide significant additional student capacity to
17 increase program access. Proposed projects must demonstrate that they
18 are based on solid enrollment demand projections, ~~((more~~
19 ~~cost-effectively))~~ provide more cost-effective enrollment access than
20 alternatives such as university centers and distance learning, and
21 make cost-effective use of existing and proposed new space;

22 (b) Projects that replace failing permanent buildings or projects
23 that cannot be economically renovated are replacement projects.
24 ~~((Facilities that cannot be economically renovated are considered~~
25 ~~replacement projects. New space may be programmed for the same or a~~
26 ~~different use than the space being replaced and may include additions~~
27 ~~to improve access and enhance the relationship of program or~~
28 ~~support))~~ Replaced facilities must either be demolished or removed
29 from the inventory of learning space;

30 (c) Projects that renovate or modernize facilities to restore
31 building life and upgrade space to meet current program requirements
32 are renovation projects. Renovation projects should represent a
33 complete renovation of a total facility or an isolated wing of a
34 facility. A reasonable renovation project should cost between sixty
35 to eighty percent of current replacement value and restore the
36 renovated area to at least ~~((twenty-five))~~ thirty years of useful
37 life~~((. New space may be programmed for the same or a different use~~
38 ~~than the space being renovated and may include additions to improve~~
39 ~~access and enhance the relationship of program or support space))~~;

1 (d) Major stand-alone campus infrastructure projects. Projects
2 scored under other categories with significant campus infrastructure
3 costs may also include scoring in this category;

4 (e) Projects that promote economic growth and innovation through
5 expanded research activity. The acquisition and installation of
6 specialized equipment is authorized under this category; and

7 (f) Other project categories as determined by the office of
8 financial management in consultation with the legislative fiscal
9 committees.

10 (2) The office of financial management, in consultation with the
11 legislative fiscal committees, shall establish a scoring system and
12 process for each four-year project category (~~(that is based on the~~
13 ~~framework used in the community and technical college system of~~
14 ~~prioritization)~~). Staff from the state board for community and
15 technical colleges and the four-year institutions shall provide
16 technical assistance on the development of a scoring system and
17 process.

18 (3) The office of financial management shall consult with the
19 legislative fiscal committees in developing the criteria and the
20 scoring methodology of four-year institution project proposals, and
21 may also solicit participation by independent experts(~~(-)~~) in
22 consideration of the following:

23 (a) For each four-year project category, the scoring system
24 must(~~(, at a minimum, include)~~) establish criteria including, but not
25 limited to, an evaluation of enrollment trends, reasonableness of
26 cost, the ability of the project to enhance specific strategic master
27 plan goals, age and condition of the facility if applicable, (~~and~~)
28 impact on learning space utilization, and other criteria as
29 determined by the office of financial management in consultation with
30 the legislative fiscal committees.

31 (b) (~~Each four-year project category may include projects at the~~
32 ~~predesign, design, or construction funding phase.~~

33 ~~(e)~~) To the extent possible, the objective analysis and scoring
34 system of all capital budget projects shall occur within the context
35 of any and all performance agreements between the office of financial
36 management and the governing board of a public, four-year institution
37 of higher education that aligns goals, priorities, desired outcomes,
38 flexibility, institutional mission, transparency and accountability,
39 and levels of resources.

1 ~~(4) ((In evaluating and scoring four-year institution projects,~~
2 ~~the office of financial management shall take into consideration~~
3 ~~project schedules that result in realistic, balanced, and predictable~~
4 ~~expenditure patterns over the ensuing three biennia.~~

5 ~~(5))~~ The office of financial management shall distribute common
6 definitions, the scoring system, and other information and forms
7 required for the project proposal and scoring process as part of its
8 biennial budget instructions. The office of financial management, in
9 consultation with the legislative fiscal committees, shall develop
10 common definitions that four-year institutions must use in developing
11 their project proposals and lists under this section.

12 ~~((6))~~ (5) In developing any scoring system for capital projects
13 proposed by the four-year institutions, the office of financial
14 management:

15 (a) Shall be provided with all required information by the four-
16 year institutions as deemed necessary by the office of financial
17 management; and

18 (b) May utilize independent services to verify, sample, or
19 evaluate information provided to the office of financial management
20 by the four-year institutions(~~;-and~~

21 ~~(c) Shall have full access to all data maintained by the joint~~
22 ~~legislative audit and review committee concerning the condition of~~
23 ~~higher education facilities)).~~

24 ~~((7))~~ (6) Pursuant to subsection (5)(a) of this section, by
25 August ~~((1st))~~ 15th of each even-numbered year each public four-year
26 higher education institution shall prepare and submit ~~((prioritized~~
27 ~~lists of the individual projects proposed by the institution for the~~
28 ~~ensuing six-year period in each category. The lists must be submitted~~
29 ~~to the office of financial management and the legislative fiscal~~
30 ~~committees. The four-year institutions may aggregate minor works~~
31 ~~project proposals by primary purpose for ranking purposes. Proposed~~
32 ~~minor works projects must be prioritized within the aggregated~~
33 ~~proposal, and supporting documentation, including project~~
34 ~~descriptions and cost estimates, must be provided))~~ to the office of
35 financial management and the legislative fiscal committees:

36 (a) Individual project proposals developed pursuant to subsection
37 (1) of this section;

38 (b) Individual project proposals scored in prior biennia pursuant
39 to subsection (1) of this section; and

1 (c) A prioritized list of up to five project proposals submitted
2 pursuant to (a) and (b) of this subsection.

3 **Sec. 3.** RCW 28B.77.070 and 2012 c 229 s 110 are each amended to
4 read as follows:

5 (1) The council shall identify budget priorities and levels of
6 funding for higher education, including the two and four-year
7 institutions of higher education and state financial aid programs. It
8 is the intent of the legislature for the council to make budget
9 recommendations for allocations for major policy changes in
10 accordance with priorities set forth in the ten-year ~~((plan))~~ roadmap
11 as defined in RCW 28B.77.020, but the legislature does not intend for
12 the council to review and make recommendations on individual
13 institutional budgets. It is the intent of the legislature that
14 recommendations from the council prioritize funding needs for the
15 overall system of higher education in accordance with priorities set
16 forth in the ten-year ~~((plan))~~ roadmap. It is also the intent of the
17 legislature that the council's recommendations take into
18 consideration the total per-student funding at similar public
19 institutions of higher education in the global challenge states.

20 (2) By December of each odd-numbered year, the council shall
21 outline the council's fiscal priorities under the ten-year ~~((plan))~~
22 roadmap that it must distribute to the institutions, the state board
23 for community and technical colleges, the office of financial
24 management, and the joint higher education committee.

25 ~~((a) Capital budget outlines for the two-year institutions shall~~
26 ~~be submitted to the office of financial management by August 15th of~~
27 ~~each even-numbered year, and shall include the prioritized ranking of~~
28 ~~the capital projects being requested, a description of each capital~~
29 ~~project, and the amount and fund source being requested.~~

30 ~~(b) Capital budget outlines for the four-year institutions must~~
31 ~~be submitted to the office of financial management by August 15th of~~
32 ~~each even-numbered year, and must include: The institutions' priority~~
33 ~~ranking of the project; the capital budget category within which the~~
34 ~~project will be submitted to the office of financial management in~~
35 ~~accordance with RCW 43.88D.010; a description of each capital~~
36 ~~project; and the amount and fund source being requested.~~

37 ~~(c) The office of financial management shall reference these~~
38 ~~reporting requirements in its budget instructions.))~~

1 (3) The council shall submit recommendations on the operating
2 budget priorities to support the ten-year ((plan)) roadmap to the
3 office of financial management by October 1st each year, and to the
4 legislature by January 1st each year.

5 ~~((4)(a) The office of financial management shall develop one
6 prioritized list of capital projects for the legislature to consider
7 that includes all of the projects requested by the four-year
8 institutions of higher education that were scored by the office of
9 financial management pursuant to chapter 43.88D RCW, including
10 projects that were previously scored but not funded. The prioritized
11 list of capital projects shall be based on the following priorities
12 in the following order:~~

13 ~~(i) Office of financial management scores pursuant to chapter
14 43.88D RCW;~~

15 ~~(ii) Preserving assets;~~

16 ~~(iii) Degree production; and~~

17 ~~(iv) Maximizing efficient use of instructional space.~~

18 ~~(b) The office of financial management shall include all of the
19 capital projects requested by the four-year institutions of higher
20 education, except for the minor works projects, in the prioritized
21 list of capital projects provided to the legislature.~~

22 ~~(c) The form of the prioritized list for capital projects
23 requested by the four-year institutions of higher education shall be
24 provided as one list, ranked in priority order with the highest
25 priority project ranked number "1" through the lowest priority
26 project numbered last. The ranking for the prioritized list of
27 capital projects may not:~~

28 ~~(i) Include subpriorities;~~

29 ~~(ii) Be organized by category;~~

30 ~~(iii) Assume any state bond or building account biennial funding
31 level to prioritize the list; or~~

32 ~~(iv) Assume any specific share of projects by institution in the
33 priority list.~~

34 ~~(5) Institutions and the state board for community and technical
35 colleges shall submit any supplemental capital budget requests and
36 revisions to the office of financial management by November 1st and
37 to the legislature by January 1st.))"~~

38 Correct the title.

EFFECT: Requires the Office of Financial Management (OFM) to develop learning space utilization standards, reasonableness of cost standards, and a scoring and prioritization matrix for capital facilities projects at higher education institutions. Requires the OFM to provide technical assistance to the legislative fiscal committees and four-year institutions in using the scoring and prioritization matrix. Requires the OFM to submit to the legislature scored capital project proposals, based on a scoring process by capital project category or combination of categories, for higher education institutions by October 1st of each even-numbered year. Requires higher education institutions to prepare and submit capital project proposals, and a prioritized list of up to five of those proposals, for scoring to the OFM and the legislative fiscal committees by August 15th of even-numbered years. Eliminates duplicative language and corrects the title.

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