
SECOND SUBSTITUTE HOUSE BILL 1325

State of Washington

65th Legislature

2018 Regular Session

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

READ FIRST TIME 02/02/18.

1 AN ACT Relating to the evaluation and prioritization of capital
2 budget projects at the public two-year and four-year institutions of
3 higher education; amending RCW 43.88D.010 and 28B.77.070; and
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

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

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

13 (ii) Percentage of seats utilized;

14 (iii) Square feet per seat; and

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

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

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

19 (ii) Expected life-cycle costs; and

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

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

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

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

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

12 **Sec. 2.** RCW 43.88D.010 and 2017 c 52 s 15 are each amended to
13 read as follows:

14 (1) By October 1st of each even-numbered year, the office of
15 financial management shall complete an objective analysis and scoring
16 of all capital budget projects proposed by the public four-year
17 institutions of higher education and submit the results of the
18 scoring process to the legislative fiscal committees and the four-
19 year institutions. Each project must be reviewed and scored within
20 ~~((one of))~~ the following categories~~((, according to the project's~~
21 ~~principal purpose))~~. ((Each)) Projects with more than one categorical
22 component as defined in (a) through (f) of this subsection may be
23 scored in ((only)) more than one category and weighted as a ratio of
24 costs attributed to that categorical component to total project
25 costs. The categories are:

26 (a) ~~((Access-related))~~ Growth projects to accommodate enrollment
27 growth at ~~((all))~~ higher education campuses, at existing or new
28 university centers, or through distance learning. Growth projects
29 should provide significant additional student capacity to increase
30 program access. Proposed projects must demonstrate that they are
31 based on solid enrollment demand projections, ~~((more—cost—~~
32 ~~effectively))~~ provide more cost-effective enrollment access than
33 alternatives such as university centers and distance learning, and
34 make cost-effective use of existing and proposed new space;

35 (b) Projects that replace failing permanent buildings or projects
36 that cannot be economically renovated are replacement projects.
37 ~~((Facilities that cannot be economically renovated are considered~~
38 ~~replacement projects. New space may be programmed for the same or a~~
39 ~~different use than the space being replaced and may include additions~~

1 ~~to improve access and enhance the relationship of program or~~
2 ~~support)) Replaced facilities must either be demolished or removed~~
3 ~~from the inventory of learning space;~~

4 (c) Projects that renovate or modernize facilities to restore
5 building life and upgrade space to meet current program requirements
6 are renovation projects. Renovation projects should represent a
7 complete renovation of a total facility or an isolated wing of a
8 facility. A reasonable renovation project should cost between sixty
9 to eighty percent of current replacement value and restore the
10 renovated area to at least ~~((twenty-five))~~ thirty years of useful
11 life~~((. New space may be programmed for the same or a different use~~
12 ~~than the space being renovated and may include additions to improve~~
13 ~~access and enhance the relationship of program or support space));~~

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

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

20 (f) Other project categories as determined by the office of
21 financial management in consultation with the legislative fiscal
22 committees.

23 (2) The office of financial management, in consultation with the
24 legislative fiscal committees, shall establish a scoring system and
25 process for each four-year project category ~~((that is based on the~~
26 ~~framework used in the community and technical college system of~~
27 ~~prioritization))~~. Staff from the state board for community and
28 technical colleges and the four-year institutions shall provide
29 technical assistance on the development of a scoring system and
30 process.

31 (3) The office of financial management shall consult with the
32 legislative fiscal committees in developing the criteria and the
33 scoring methodology of four-year institution project proposals, and
34 may also solicit participation by independent experts~~((--))~~ in
35 consideration of the following:

36 (a) For each four-year project category, the scoring system
37 must~~((, at a minimum, include))~~ establish criteria including, but not
38 limited to, an evaluation of enrollment trends, reasonableness of
39 cost, the ability of the project to enhance specific strategic master
40 plan goals, age and condition of the facility if applicable, ~~((and))~~

1 impact on learning space utilization, and other criteria as
2 determined by the office of financial management in consultation with
3 the legislative fiscal committees.

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

6 ~~(e))~~ To the extent possible, the objective analysis and scoring
7 system of all capital budget projects shall occur within the context
8 of any and all performance agreements between the office of financial
9 management and the governing board of a public, four-year institution
10 of higher education that aligns goals, priorities, desired outcomes,
11 flexibility, institutional mission, transparency and accountability,
12 and levels of resources.

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

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

24 ~~((6))~~ (5) In developing any scoring system for capital projects
25 proposed by the four-year institutions, the office of financial
26 management:

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

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

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

36 ~~((7))~~ (6) Pursuant to subsection (5)(a) of this section, by
37 August ~~((1st))~~ 15th of each even-numbered year each public four-year
38 higher education institution shall prepare and submit ~~((prioritized~~
39 ~~lists of the individual projects proposed by the institution for the~~
40 ~~ensuing six-year period in each category. The lists must be submitted~~

1 ~~to the office of financial management and the legislative fiscal~~
2 ~~committees. The four-year institutions may aggregate minor works~~
3 ~~project proposals by primary purpose for ranking purposes. Proposed~~
4 ~~minor works projects must be prioritized within the aggregated~~
5 ~~proposal, and supporting documentation, including project~~
6 ~~descriptions and cost estimates, must be provided)) to the office of~~
7 ~~financial management and the legislative fiscal committees:~~

8 (a) Individual project proposals developed pursuant to subsection
9 (1) of this section;

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

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

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

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

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

36 ~~((a) Capital budget outlines for the two-year institutions shall~~
37 ~~be submitted to the office of financial management by August 15th of~~
38 ~~each even-numbered year, and shall include the prioritized ranking of~~

1 ~~the capital projects being requested, a description of each capital~~
2 ~~project, and the amount and fund source being requested.~~

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

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

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

16 ((4)(a) The office of financial management shall develop one
17 prioritized list of capital projects for the legislature to consider
18 that includes all of the projects requested by the four-year
19 institutions of higher education that were scored by the office of
20 financial management pursuant to chapter 43.88D RCW, including
21 projects that were previously scored but not funded. The prioritized
22 list of capital projects shall be based on the following priorities
23 in the following order:

24 (i) Office of financial management scores pursuant to chapter
25 43.88D RCW;

26 (ii) Preserving assets;

27 (iii) Degree production; and

28 (iv) Maximizing efficient use of instructional space.

29 (b) The office of financial management shall include all of the
30 capital projects requested by the four-year institutions of higher
31 education, except for the minor works projects, in the prioritized
32 list of capital projects provided to the legislature.

33 (c) The form of the prioritized list for capital projects
34 requested by the four-year institutions of higher education shall be
35 provided as one list, ranked in priority order with the highest
36 priority project ranked number "1" through the lowest priority
37 project numbered last. The ranking for the prioritized list of
38 capital projects may not:

39 (i) Include subpriorities;

40 (ii) Be organized by category;

1 ~~(iii) Assume any state bond or building account biennial funding~~
2 ~~level to prioritize the list; or~~
3 ~~(iv) Assume any specific share of projects by institution in the~~
4 ~~priority list.~~
5 ~~(5) Institutions and the state board for community and technical~~
6 ~~colleges shall submit any supplemental capital budget requests and~~
7 ~~revisions to the office of financial management by November 1st and~~
8 ~~to the legislature by January 1st.))~~

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