
SUBSTITUTE SENATE BILL 6903

State of Washington

60th Legislature

2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Fraser, Brandland, Oemig, Roach, Franklin, Spanel, Parlette, Rockefeller, and Rasmussen)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to the prioritization of public four-year
2 institution capital project requests; amending RCW 28B.76.210; adding
3 a new chapter to Title 43 RCW; creating new sections; and repealing RCW
4 28B.76.220.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the state's
7 public four-year institutions and the higher education coordinating
8 board have made progress in developing a process to create a single
9 prioritized list of capital project requests as required under RCW
10 28B.76.220. The legislature also finds the goal of creating
11 additional, innovative facilities and programs that meet the learning
12 needs of students throughout the state in a timely and cost-effective
13 fashion requires a new approach to facility prioritization that
14 emphasizes strategic planning. The legislature therefore intends to
15 establish a new process for prioritizing capital project requests by
16 the four-year institutions that utilizes the expertise and government-
17 wide perspective of the office of financial management, and that is
18 based upon the model that has been used successfully by the community
19 and technical college system. The new process must emphasize objective

1 analysis, a statewide perspective, and a strategic balance among
2 facility preservation, new construction, and innovative delivery
3 mechanisms. The legislature further recognizes that institutions of
4 higher education are likely to require substantial new capital
5 investments in order to continue to provide a wide range of high
6 quality programs to students and the community, and that the state's
7 ability to provide such resources is constrained by increasing capital
8 expenditure needs within the K-12, public safety, social services, and
9 community economic development arenas. The legislature therefore
10 intends to identify and assess potential alternative means for
11 increasing the capacity of public higher education institutions to meet
12 the demands of the twenty-first century.

13 NEW SECTION. **Sec. 2.** (1) By October 15th of each even-numbered
14 year, the office of financial management shall complete an objective
15 analysis and scoring of all capital budget projects proposed by the
16 public four-year institutions of higher education and submit the
17 results of the scoring process to the legislative fiscal committees,
18 the higher education coordinating board, and the four-year
19 institutions, except that, for 2008, the office of financial management
20 shall complete the objective analysis and scoring by November 1st.
21 Each project must be reviewed and scored within one of the following
22 categories, according to the project's principal purpose. Each project
23 may be scored in only one category. The categories are:

24 (a) Access-related projects to accommodate enrollment growth.
25 Growth projects should provide significant additional student capacity.
26 Proposed projects must demonstrate that they are based on solid
27 enrollment demand projections and make cost-effective use of existing
28 and proposed new space;

29 (b) Projects that replace failing permanent buildings or renovate
30 facilities to restore building life and upgrade space to meet current
31 program requirements. Facilities that cannot be economically renovated
32 are considered replacement projects. Renovation projects should
33 represent a complete renovation of a total facility or an isolated wing
34 of a facility. A reasonable renovation project should cost between
35 sixty to eighty percent of current replacement value and restore the
36 renovated area to at least twenty-five years of useful life. New space

1 may be programmed for the same or a different use than the space being
2 replaced or renovated and may include additions to improve access and
3 enhance the relationship of program or support space;

4 (c) Major stand-alone campus infrastructure projects;

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

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

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

20 (3) The office of financial management shall consult with the
21 legislative fiscal committees in the scoring of four-year institution
22 project proposals, and may also solicit participation by the joint
23 legislative audit and review committee and independent experts.

24 (a) For each four-year project category, the scoring system must,
25 at a minimum, include an evaluation of enrollment trends,
26 reasonableness of cost, the ability of the project to enhance specific
27 strategic master plan goals, age and condition of the facility if
28 applicable, and impact on space utilization.

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

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

35 (5) The office of financial management shall distribute common
36 definitions, the scoring system, and other information required for the
37 project proposal and scoring process as part of its biennial budget
38 instructions, except that, for the 2009-2011 budget development cycle,

1 this information must be distributed by July 1, 2008. The office of
2 financial management, in consultation with the legislative fiscal
3 committees and the joint legislative audit and review committee, shall
4 develop common definitions that four-year institutions must use in
5 developing their project proposals and lists under this section.

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

8 (a) Shall be provided with all required information by the four-
9 year institutions as deemed necessary by the office of financial
10 management;

11 (b) May utilize independent services to verify, sample, or evaluate
12 information provided to the office of financial management by the four-
13 year institutions; and

14 (c) Shall have full access to all data maintained by the higher
15 education coordinating board and the joint legislative audit and review
16 committee concerning the condition of higher education facilities.

17 (7) By August 15th of each even-numbered year, beginning in 2008,
18 each public four-year higher education institution shall prepare and
19 submit prioritized lists of the individual projects proposed by the
20 institution for the ensuing six-year period in each category. The
21 lists must be submitted to the office of financial management and the
22 legislative fiscal committees. The four-year institutions may
23 aggregate minor works project proposals by primary purpose for ranking
24 purposes. Proposed minor works projects must be prioritized within the
25 aggregated proposal, and supporting documentation, including project
26 descriptions and cost estimates, must be provided to the office of
27 financial management and the legislative fiscal committees.

28 NEW SECTION. **Sec. 3.** The office of financial management shall
29 submit a higher education capital facility financing study to the
30 governor and the appropriate legislative fiscal committees by December
31 1, 2008. In designing and conducting the study, the office of
32 financial management shall consult with legislative and fiscal
33 committee leadership, the department of revenue, the state investment
34 board, the higher education coordinating board, the state board for
35 community and technical colleges, and the public four-year institutions
36 of higher education. The study must include:

1 (1) A review of the methods that are used to fund higher education
2 facility expansion and improvements in other states, with particular
3 emphasis on Washington's global challenge states, and the relative
4 portions of such expenditures that are borne by students, state
5 taxpayers, federal grants, and private contributions;

6 (2) An examination of alternatives for reducing facility
7 construction and maintenance expenditures per student through
8 strategies such as expansion of distance learning opportunities,
9 increased scheduling of classes during evenings and weekends, the
10 establishment of expected cost benchmarks by facility type, and other
11 means; and

12 (3) An assessment of the strengths and weaknesses of potential new
13 revenue sources that might be applied to the funding of higher
14 education facilities. These alternative sources must include, but not
15 be limited to, adjusting student fees to support a larger share of the
16 cost of such facilities, bonding against student fee revenues,
17 utilizing local tax revenues to support local higher education capital
18 needs, promoting business participation in the financing of programs
19 strongly linked to area economic development, and other means.

20 **Sec. 4.** RCW 28B.76.210 and 2007 c 458 s 202 are each amended to
21 read as follows:

22 (1) The board shall collaborate with the four-year institutions
23 including the council of presidents, the community and technical
24 college system, and when appropriate the workforce training and
25 education coordinating board, the superintendent of public instruction,
26 and the independent higher educational institutions to identify budget
27 priorities and levels of funding for higher education, including the
28 two and four-year institutions of higher education and state financial
29 aid programs. It is the intent of the legislature that recommendations
30 from the board reflect not merely the sum of budget requests from
31 multiple institutions, but prioritized funding needs for the overall
32 system of higher education.

33 (2) By December of each odd-numbered year, the board shall
34 distribute guidelines which outline the board's fiscal priorities to
35 the institutions and the state board for community and technical
36 colleges.

1 (a) The institutions and the state board for community and
2 technical colleges shall submit an outline of their proposed operating
3 budgets to the board no later than July 1st of each even-numbered year.
4 Pursuant to guidelines developed by the board, operating budget
5 outlines submitted by the institutions and the state board for
6 community and technical colleges after January 1, 2007, shall include
7 all policy changes and enhancements that will be requested by the
8 institutions and the state board for community and technical colleges
9 in their respective biennial budget requests. Operating budget
10 outlines shall include a description of each policy enhancement, the
11 dollar amount requested, and the fund source being requested.

12 (b) Capital budget outlines for the two-year institutions shall be
13 submitted by August 15th of each even-numbered year, and shall include
14 the prioritized ranking of the capital projects being requested (~~((by~~
15 ~~two-year and four-year institutions, respectively.))~~), a description of
16 each capital project, and the amount and fund source being requested(~~((~~
17 ~~shall be included for each capital project appearing in the prioritized~~
18 ~~ranking))~~).

19 (c) Capital budget outlines for the four-year institutions must be
20 submitted by August 15th of each even-numbered year, and must include:
21 The institutions' priority ranking of the project; the capital budget
22 category within which the project will be submitted to the office of
23 financial management in accordance with section 2 of this act; a
24 description of each capital project; and the amount and fund source
25 being requested.

26 (d) The office of financial management shall reference these
27 reporting requirements in its budget instructions.

28 (3) The board shall review and evaluate the operating and capital
29 budget requests from four-year institutions and the community and
30 technical college system based on how the requests align with the
31 board's budget priorities, the missions of the institutions, and the
32 statewide strategic master plan for higher education under RCW
33 28B.76.200.

34 (4) The board shall submit recommendations on the proposed
35 (~~((budgets))~~) operating budget and (~~((on the board's budget))~~) priorities
36 to the office of financial management (~~((before))~~) by October 1st of each
37 even-numbered year, and to the legislature by January 1st of each odd-
38 numbered year. The board's capital budget recommendations for the

1 community and technical college system and the four-year institutions
2 must be submitted to the office of financial management by November
3 15th of each even-numbered year and to the legislature by January 1st
4 of each odd-numbered year. The board's recommendations for the four-
5 year institutions must include the relative share of the higher
6 education capital budget that the board recommends be assigned to each
7 project category, as defined in section 2 of this act, and to minor
8 works program and preservation.

9 (5) Institutions and the state board for community and technical
10 colleges shall submit any supplemental budget requests and revisions to
11 the board at the same time they are submitted to the office of
12 financial management. The board shall submit recommendations on the
13 proposed supplemental budget requests to the office of financial
14 management by November 1st and to the legislature by January 1st.

15 NEW SECTION. Sec. 5. RCW 28B.76.220 (Prioritized capital project
16 lists for higher education institutions) and 2004 c 275 s 8 & 2003 1st
17 sp.s. c 8 s 2 are each repealed.

18 NEW SECTION. Sec. 6. Section 2 of this act constitutes a new
19 chapter in Title 43 RCW.

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