



October 2007

Draft: Gardner, Evans, Locke Higher Education Capital Funding Initiative: Reauthorization of the 2003 Building Washington's Future Act

Summary

In 2003, the Washington State Legislature adopted the "Building Washington's Future Act" (RCW 28B.14H.110). This measure, commonly referred to as the "Gardner-Evans Proposal," provided dedicated capital bonding authority for higher education capital needs.

Specifically, the measure authorized \$750 million dollars in state general obligation bonds to be used over a six-year, or three biennium, period (2003-05 through 2007-09) to complement the historical state funding levels for addressing higher education capital needs.

As discussed in the "Technical Background" section (below), the Gardner-Evans bonds have been used to provide capital improvements consisting of predesign, design, acquisition, construction, modification, renovation, expansion, equipping, and other improvements of state buildings and facilities for the higher education system.

This additional source of higher education capital funding has, over the past two and current biennium, helped address many, but not all, needs. As a result, staff of the Higher Education Coordinating Board (HECB), the Council of Presidents (COP), and the State Board for Community and Technical Colleges (SBCTC) have been working collaboratively over the past year to develop and seek support for a proposal to reauthorize the "Building Washington's Future Act."

The Proposal for HECB Endorsement

The collaborative efforts of the representatives of the HECB, COP, and SBCTC have resulted in a proposal to re-authorize the "Building Washington's Future Act." The proposal seeks \$1 billion for funding capital needs over a three-biennium period (2009-11 through 2013-15).

This proposal has been endorsed by Governors Gardner, Evans, and Locke. Their support of this initiative was communicated to Governor Gregoire in a letter dated October 10, 2007. This letter was also signed by the Chairs of the COP, HECB, and SBCTC (Attachment A).

The staff level working group of the HECB, COP, and SBCTC have also prepared proposed legislation for the re-authorization of the "Building Washington's Future Act" bonds (Attachment B).

The board is asked to support the proposed legislation and to authorize its executive director to advance this proposal, on behalf of the public universities and colleges, to the Governor for her consideration.

Resolution 07-19 is enclosed for board consideration and action.

Technical Background

Inspired by comments from Bill Gates Sr. and Bill Gates Jr. made in the fall of 2002 regarding the importance of higher education's facilities for Washington state's economic future ("support your local university"), former Governors Daniel J. Evans and Booth Gardner embarked on a plan to seek an additional funding source for addressing higher education capital needs.

Over an 18-month period, former Governors Evans and Gardner looked at several options and consulted with the higher education community, elected officials, citizen activists, and business leaders. The HECB, COP, and SBCTC were actively involved in the development of the proposal which the governors submitted to the Legislature. This proposal, called "HELP" (Higher Education Leadership Project), sought \$1.4 billion over a 10-year period to supplement the state's higher education's capital budget funding. These additional funds were to be used to address building preservation/modernization needs and to provide capacity for growing higher education enrollment.

In response to the Gardner-Evans HELP proposal, the 2003 Legislature enacted Engrossed Substitute Senate Bill (ESSB) 5908, the "Building Washington's Future Act." The legislation authorized the State Finance Committee to issue, subject to legislative appropriation, approximately \$750 million in general obligation bonds over three biennia, beginning in 2003-05, to provide additional capital funding for higher education.

As stated in the Act, the Legislature's intent in adopting ESSB 5908 was that:

"(the) new source of funding not displace funding levels for the capital and operating budgets of the institutions of higher education. It is instead intended that the new funding will allow the institutions, over the next three biennia, to use the current level of capital funding to provide for many of those urgent preservation, replacement, and maintenance needs that have been deferred. This approach is designed to maintain or improve the

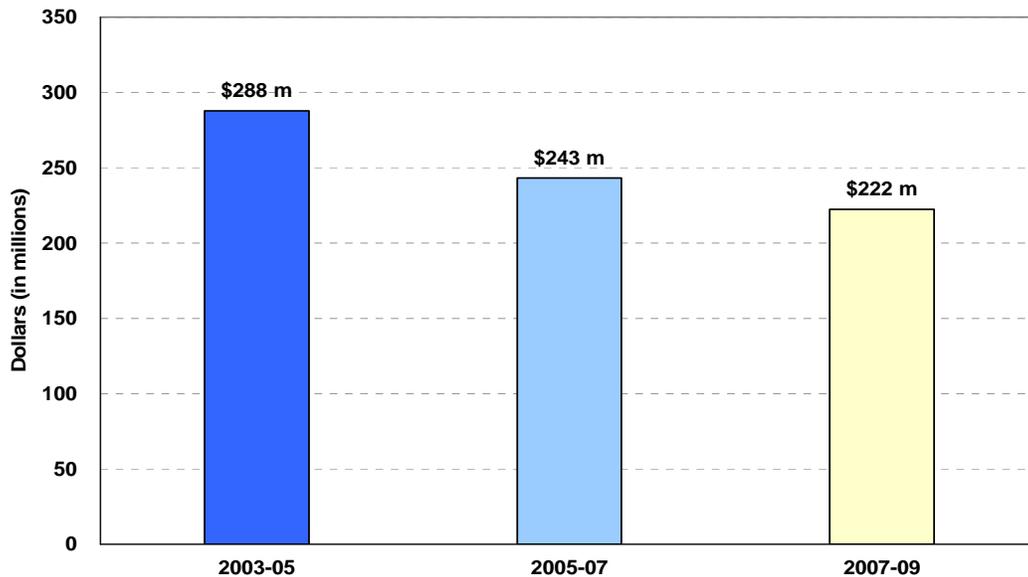
current infrastructure of our institutions of higher education, and simultaneously to provide new instruction and research capacity... This new source of funding may also be used for major preservation projects that renovate, replace, or modernize facilities to enhance capacity/access by maintaining or improving the usefulness of existing space for important instruction and research programs.”

Gardner-Evans Bonds Authorization Status

The bonds have been used to provide capital improvements consisting of predesign, design, acquisition, construction, modification, renovation, expansion, equipping, and other improvements of state building and facilities for the higher education system. This system consists of two research universities and their campuses, three regional universities, and The Evergreen State College, collectively known as the baccalaureate institutions, and the 34 community and technical colleges. A small appropriation was made to SIRT (a Washington state-funded economic development agency with heavy collaboration with higher education in the inland northwest) for emergency repairs.

The distribution over the three biennia is shown graphically in Illustration 1.

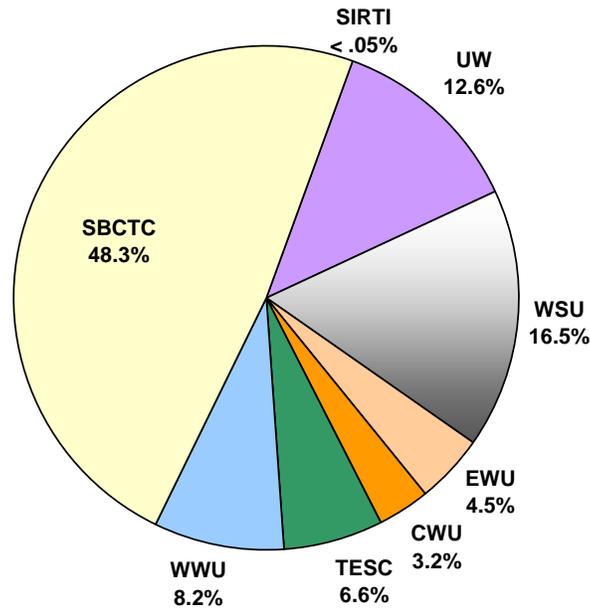
Illustration 1. Gardner-Evans Bonds: Total Distribution by Biennia



Numbers in the above illustration have been rounded.

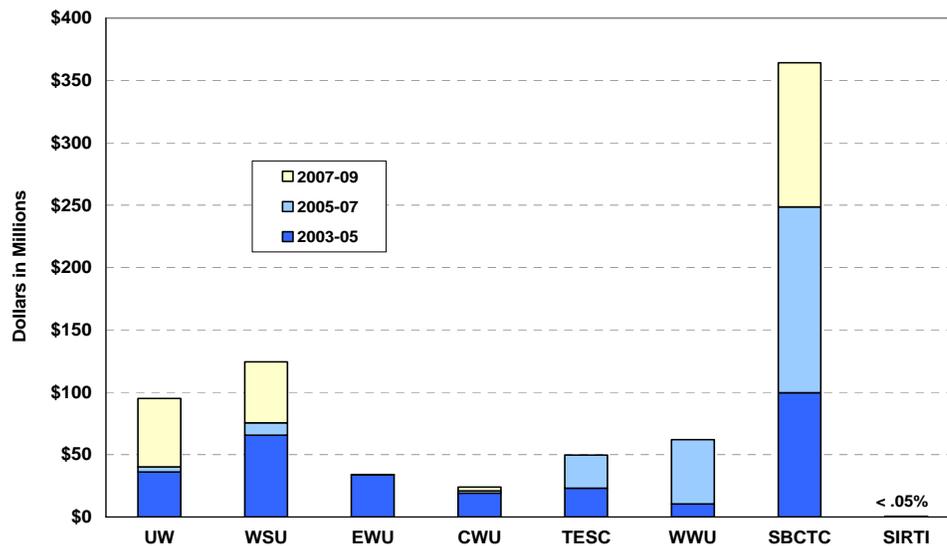
Of the \$753.4 million, 52 percent was appropriated to the baccalaureate institutions and 48 percent to the community and technical colleges as shown in Illustration 2.

**Illustration 2. Investment of Gardner-Evans Bonds
 Authorization Period: 2003-05 through 2007-09**



The distribution of the bonds by institution over the three biennia is shown in Illustration 3. Not all institutions received appropriations under Gardner-Evans in each of the three biennia.

**Illustration 3. Gardner-Evans Bonds Distribution
 By Institution and Biennia**



Attachment A

**GOVERNORS GARDNER-EVANS-LOCKE
THE HIGHER EDUCATION COORDINATING BOARD
THE STATE BOARD FOR COMMUNITY & TECHNICAL COLLEGES
THE COUNCIL OF PRESIDENTS**

October 10, 2007

Honorable Christine Gregoire
Governor, State of Washington
Legislative Building
Olympia, Washington 98504

Dear Governor Gregoire,

We write you today to request your support for 2008 legislation that will reauthorize the Washington Future Act (Gardner-Evans bonds) beginning in the 2009-11 biennium for an additional six years to provide critical funding for higher education capital projects. As you know, the \$750 million in additional bond authority originally granted in the 2003 Washington Future Act has now been fully committed. These bonds made critical investments in the two and four-year higher education systems. Statutory reauthorization is necessary now to ensure continued adequate funding for higher education capital projects.

Our three organizations have worked cooperatively together to draft legislation for the 2008 session that would dedicate an additional \$1.0 billion over the next three biennia for higher education capital preservation, renovation and capacity growth to address two-year and four-year institutional building needs across the state. These bonds will insure that sufficient funds are available to provide new instruction and research capacity to serve students who will require access to post-secondary educational opportunities particularly in high need and high demand fields of study, and who are entering or returning to college to update knowledge and skills. Reauthorizing this Act now will provide predictability and certainty needed for institutional budgeting and planning efforts and better facilitate the development of each sector's prioritized list for capital facilities for the next biennial budget.

We certainly appreciate your exceptionally strong commitment to higher education and to the critical role that we play in ensuring that Washington remains a leader in the global economy. The Washington Future Act is consistent with that commitment. We ask that you endorse this legislation as part of your 2008 Executive Request package.

Sincerely,

Governor Booth Gardner

Governor Daniel J. Evans

Governor Gary Locke

Bill Grinstein
HECB Chair

Erin Munding
SBCTC Chair

Jerilyn McIntyre
COP Chair

Attachment B

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0661.3/08 3rd draft

ATTY/TYPIST: JA:cro

BRIEF DESCRIPTION: Extending the building Washington's future act.

AN ACT Relating to extending the building Washington's future act; and amending RCW 28B.14H.005, 28B.14H.020, 28B.14H.030, and 28B.14H.060.

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

Sec. 1) RCW 28B.14H.005 and 2003 1st sp.s. c 18 s 2 are each amended to read as follows:

The state's public institutions of higher education are a vital component of the future economic prosperity of our state. In order to ensure that Washington (~~((continues to be))~~) is able to compete successfully in the global economy and provide for a highly qualified workforce that can attract and retain businesses and support the economic vitality of the state, it is the intent of chapter 18, Laws of 2003 1st sp. sess. to provide (~~((new money))~~) additional funding for capital projects to help fulfill higher education needs across the state.

This (~~((new))~~) additional source of funding for the critical capital needs of the state's institutions of higher education furthers the mission of higher education and is intended to enhance the abilities of those institutions, over the next six years, to fulfill their critical roles in providing access to postsecondary educational opportunities and maintaining and stimulating the state's economy.

It is the intent of the legislature that this ((new)) additional source of funding not displace existing funding levels for the capital and operating budgets of the institutions of higher education. It is instead intended that ((the new)) this funding will allow the institutions, over the next three biennia, to use ((the current level of)) this capital funding primarily to ((provide for many of those)) address urgent preservation((,)) and replacement((, and maintenance needs that have been deferred)). This approach is designed to meet the full array of capital projects as delineated in each sector's prioritized list and to maintain or improve the current infrastructure of our institutions of higher education, and simultaneously to provide new instruction and research capacity to serve ((the increasing number of traditional college aged students and those adults returning to college to update)) additional students who will require access to postsecondary educational opportunities particularly in high need and high demand fields of study and who are entering or returning to college to update knowledge and skills or retrain so that they can meet the demands of Washington's changing workforce. This ((new)) source of funding may also be used for major ((preservation)) projects that renovate, replace, or modernize facilities to ((enhance)) improve capacity/access and to enhance the adequacy of space for education by maintaining or improving the usefulness of existing space for ((important)) critical instruction and research programs.

Sec. 2) RCW 28B.14H.020 and 2003 1st sp.s. c 18 s 4 are each amended to read as follows:

(1) For the purpose of providing needed capital improvements consisting of the predesign, design, acquisition, construction, modification, renovation, expansion, equipping, and other improvement of state buildings and facilities for the institutions of higher education, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of ((seven hundred seventy two million five hundred thousand)) one billion dollars, or so much thereof as may be required, to finance all or a part of the cost of these projects and all costs incidental thereto. The bonds issued under the authority of this section shall be known as Washington's future bonds.

(2) Bonds authorized in this section shall be sold in the manner, at the time or times, in amounts, and at such prices as the state finance committee shall determine.

(3) No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

Sec. 3) RCW 28B.14H.030 and 2003 1st sp.s. c 18 s 5 are each amended to read as follows:

It is the intent of the legislature that the proceeds of (~~new~~) additional bonds authorized in this chapter will be appropriated in phases over three biennia, beginning with the (~~2003-2005~~) 2009-2011 biennium, to provide additional funding for capital projects and facilities of the institutions of higher education above historical levels of funding.

This chapter is not intended to limit the legislature's ability to appropriate bond proceeds if the full amount authorized in this chapter has not been appropriated after three biennia, and the authorization to issue bonds contained in this chapter does not expire until the full authorization has been appropriated and issued.

Sec. 4) RCW 28B.14H.060 and 2003 1st sp.s. c 18 s 8 are each amended to read as follows:

The legislature intends to use the proceeds from the sale of bonds issued under this chapter for the (~~following projects during the 2005-07 and 2007-09 biennia:~~

- ~~— (1) For the University of Washington:~~
 - ~~— (a) Life sciences I building;~~
 - ~~— (b) Bothell branch campus phase 2B;~~
- ~~— (2) For Washington State University:~~
 - ~~— (a) Spokane Riverpoint campus academic center building;~~
 - ~~— (b) Pullman campus Holland Library renovation;~~
 - ~~— (c) Pullman campus biotechnology/life sciences 1;~~
 - ~~— (d) TriCities campus bioproducts and sciences building; and~~

~~— (e) Intercollegiate College of Nursing, Spokane nursing building at Riverpoint;~~

~~— (3) For Eastern Washington University: Hargreaves Hall;~~

~~— (4) For Central Washington University: Hogue technology;~~

~~— (5) For The Evergreen State College:~~

~~— (a) Daniel J. Evans building;~~

~~— (b) Communications building and theater expansion;~~

~~— (6) For Western Washington University:~~

~~— (a) Academic instructional center;~~

~~— (b) Parks Hall;~~

~~— (c) Performing Arts Center renovation;~~

~~— (7) For the community and technical college system:~~

~~— (a) Green River Community College science building;~~

~~— (b) Walla Walla Community College basic skills/computer lab;~~

~~— (c) Pierce College Puyallup, communication arts and allied health; or~~

~~— (8) For other)) 2009-2011, 2011-2013, and 2013-2015 biennia to fund urgent preservation and infrastructure projects, to fund high demand and other projects that support economic development and critical research, and to support renovation, replacement, and modernization projects that maintain or increase access to institutions of higher education.~~

RESOLUTION NO. 07-19

WHEREAS, In 2003, the Washington State Legislature adopted the “Building Washington’s Future Act,” which provided \$750 million over a three-biennium period for funding higher education capital needs above historical funding levels; and

WHEREAS, The Legislature’s appropriations of these funds have directly benefited the quality of Washington’s public universities and colleges by improving existing facilities and providing for needed space for a growing number of students; and

WHEREAS, A continuing need to achieve and sustain a quality academic environment exists among the state’s public universities and colleges; and

WHEREAS, A quality academic environment is one which provides, in part, a physical setting which fosters learning and academic excellence; and

WHEREAS, Staff of the Higher Education Coordinating Board (HECB), the Council of Presidents (COP), and the State Board for Community and Technical Colleges (SBCTC) have worked collaboratively over the past year to develop and seek support for a proposal to re-authorize the “Building Washington’s Future Act;” and

WHEREAS, This proposal, which has been endorsed by Governors Gardner, Evans, and Locke, calls for \$1 billion to be appropriated over the next three biennia as a supplement to higher education’s historical capital budget funding levels; and

WHEREAS, The Higher Education Coordinating Board has reviewed the proposed legislation to re-authorize the “Building Washington’s Future Act;” and

WHEREAS, The Higher Education Coordinating Board commends the leadership of Governors Gardner, Evans, and Locke in supporting the proposed legislation, and further recognizes and commends the diligence of the staff of the COP, SBCTC, and the HECB in their efforts to advance this important legislation;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopts the aforementioned proposal and legislative initiative to re-authorize the “Building Washington’s Future Act,” and further authorizes the executive director of the HECB to present this board recommendation to the Honorable Christine Gregoire, Governor of the state of Washington, for her consideration.

Adopted:

October 25, 2007

Attest:

Bill Grinstein, Chair

Jesus Hernandez, Vice Chair