



December 2005

2007-09 Final Operating and Capital Budget Priorities and Guidelines

Purpose of the Operating and Capital Budget Guidelines

The board reviewed draft operating and capital budget guidelines for the 2007-09 biennium in October. Following are the final budget guidelines for board review and adoption.

State statute (RCW 28B.76.210) requires the Higher Education Coordinating Board (HECB) to “review and evaluate” the operating and capital budget requests of the public colleges and universities. This review and evaluation is to be based on how the requests align with the following:

- HECB’s budget priorities;
- The missions of the institutions; and
- The statewide *2004 Strategic Master Plan for Higher Education*.

The HECB is also to submit recommendations on the proposed budgets and the HECB’s budget priorities to the Office of Financial Management (OFM) and the legislature.

Prior to this review, evaluation, and development of recommendations, the HECB is to adopt and distribute budget guidelines in December of each odd-numbered year. These guidelines outline the HECB’s fiscal priorities.

The board’s fiscal committee has reviewed the operating and capital budget guidelines presented below and is recommending board approval.

I. Operating Budget Guidelines

Integrating the 2007-09 Operating Budget Priorities and Guidelines with the 2004 Strategic Master Plan

Operating Budget Fiscal Priorities

The statewide *2004 Strategic Master Plan for Higher Education* has two essential goals:

- Goal 1: Increase opportunities for students to earn degrees; and
- Goal 2: Respond to the state's economic needs.

State Progress in Achieving Targets in the 2004 Strategic Master Plan

Targets				
	2003-04 (Actual)	2004-05 (Actual)	2009-10 (Goals)	Increase Required to Reach Goals
Goal 1				
Associate Degrees	23,976	22,247	27,000	4,753
Bachelor's Degrees	27,240	28,265	30,000	1,735
Graduate Degrees	10,389	10,940	11,500	560
Total Degrees	61,605	61,452	68,500	7,048
Goal 2				
High-Demand			Base + 1,500	1,500
Job Training	23,700	23,394	25,000	1,606
Improved Literacy	17,300	20,572	20,525	Exceed Goal

The HECB has set targets for the number of associate, bachelor's, and graduate degrees to be conferred by Washington's public and private colleges and universities in 2009-10. The HECB reviews these targets annually and adjusts them if necessary.

The HECB also has adopted targets for students earning degrees in high-demand fields, students completing job training programs, and students who demonstrate improved literacy skills. The high-demand target was tied to specific high-demand programs operated by the HECB and the State Board for Community and Technical Colleges (SBCTC). Since these programs were not funded in the 2005-07 biennium, the HECB may need to revise these targets in the future. The last two targets on job training and improved literacy were initially adopted by the SBCTC and then accepted by the HECB.

The basic fiscal priorities of the HECB are programs and initiatives that support the board's goals. In the *2004 Strategic Master Plan for Higher Education*, the board identified 11 strategic policy initiatives to support the goals.

1. Funding for Student Success

Funding should reward public colleges and universities based on the number of their students who earn degrees, certificates, or other credentials of success rather than only the number who enroll. The current funding methodology does not channel appropriations toward the results identified by the state and HECB. The *2004 Strategic Master Plan for Higher Education* identified clear and measurable goals that focused on outcomes rather than inputs alone. Previous and current higher education budgets identify enrollments as the only measure for which institutions are truly held accountable.

RCW 28B.76.270 directs the HECB to establish an accountability monitoring and reporting system as part of a continuing effort to make meaningful and substantial progress toward the achievement of long-term performance goals. In addition, the 2005-07 operating budget identified several performance measures for which each institution is to develop specific six-year targets. The HECB has been working with the institutions and OFM to develop accountability plans to achieve measurable and specific improvements on the performance measures.

Institutions should submit these biennial plans with their biennial budget requests. In addition, the HECB recommends that for the 2007-09 biennium these biennial plans and performance targets replace budgeted enrollment levels as the measures for which institutions are held accountable.

2. Allocating Student Enrollments

The HECB needs to make specific enrollment allocation recommendations to achieve the goals outlined in the *2004 Strategic Master Plan for Higher Education*. The size and shape of the state's higher education system is of primary concern for decision-makers looking to optimize state resources and direct students to the programs that best suit their needs.

Issues that will influence discussions of the "size and shape" of the system and the board's specific enrollment recommendations include:

- The division of resources among the public two-year and four-year colleges and universities;
- The allocation of new resources and enrollments among the main campuses, branch campuses, and off-site learning centers;
- The role of private colleges and universities in meeting the state's need for additional higher education capacity;
- The regional economic, educational, and programmatic needs; and

- The methods of program delivery, such as traditional instruction, 2+2 programs for transfer students, and technology-enhanced distance learning.

Budget proposals should include projected state-funded enrollment levels at the main and branch campuses as well as off-campus learning centers.

3. Increasing the Number of Degrees in High-Demand Fields

Staff research demonstrates that it is critical for the state to align its limited resources for public higher education with the needs of the economy. Traditional liberal arts education must remain a core component of the state's higher education system because the skills it imparts are central to business and career success. However, the state also must respond to student and employer demands in fields where current or projected job creation outpaces the capacity of the higher education system to produce trained graduates.

High-demand programs have two primary elements: (1) instructional programs or fields in which student enrollment applications exceed available slots and (2) career fields in which employers are unable to find enough skilled graduates to fill available jobs. This definition recognizes both excess student demand for a program and strong economic requirements for graduates in particular fields.

The *State and Regional Needs Assessment*, completed by the HECB in fall 2005, identified areas where demand for graduates exceeded the supply of students with degrees. Areas identified include: (a) engineering, software engineering, and architecture; (b) computer science; (c) medical professions; (d) editing, writing, and performing occupations; and (e) research, scientific, and technical occupations. These areas are very broad occupational groupings covering a range of training needs. This analysis also does not include the student demand to get into these programs.

Institutions can help policymakers in the budget development process by identifying specific programs with excess student demand and demonstrated employer demand.

4. Keeping College Tuition Affordable and Predictable

Washington, like many states, does not have a comprehensive tuition policy for resident undergraduate education. As a result, tuition increases generally fluctuate in a cyclical pattern — increasing moderately when state revenue is high and increasing sharply when state revenue is low. The absence of a tuition policy has made it difficult for students and parents to anticipate college costs and for Washington's Guaranteed Education Tuition program, the state's prepaid college tuition plan, to plan for long-term affordability. It also has potentially devastating consequences for thousands of financially needy families who often do not have the financial reserves to respond to unexpected spikes in tuition.

The HECB believes that Washington needs a state tuition policy that keeps tuition predictable and affordable for students and families while maintaining the high quality of education at the state's public colleges and universities. The *2004 Strategic Master Plan for Higher Education* called for the state to adopt the following tuition policies for resident undergraduate tuition and fees at Washington's public two-year and four-year colleges and universities.

Short-Term Tuition Policy

- Tuition and fees would not increase by more than 31 percent during any consecutive four-year period (average increases of seven percent compounded).
- Annual tuition increases would be spread as evenly as possible over this four-year period and no annual increase should exceed ten percent.

Long-Term Tuition Policy

Over the long-term, the state has maintained a strong linkage between state funding of higher education, tuition rates, and student financial aid. Any long-term policy will need to recognize these connections as well as the institutions' needs for resources to provide a quality education, the share of that education that is expected to be paid by students and their parents, and the state's desire to see that higher education is attainable and affordable for all.

5. Promoting Opportunity through Student Financial Assistance

State law declares that "financial need shall not be a barrier to participation in higher education" (RCW 28B.10.786). The HECB believes the state must maintain its longstanding commitment to higher education opportunity for all students, regardless of income.

To help economically disadvantaged students meet the rising costs of a college education, the *2004 Strategic Master Plan for Higher Education* called on the state to expand state financial aid and scholarship programs to help financially needy students go to college and complete their degrees or programs.

The programs that the HECB cited in the strategic master plan include:

- The State Need Grant program for the state's lowest-income students
- The State Work Study program for helping low- and middle-income students
- The Education Opportunity Grant (EOG) program
- The Washington Scholars program
- The Washington Award for Vocational Excellence program
- The development of a financial aid program to support adults who work full-time and go to college part-time

A key objective for all programs is to maintain the linkage between tuition increases and program funding to ensure that the value of individual awards keeps pace with increasing student costs.

6. Meeting Regional Higher Education Needs

Washington's current higher education system has evolved largely in response to changing student demographics, employer demand, community needs, and geographic disparities in students' college attendance. It has not always been planned or implemented in a conscientious or prioritized manner.

Changes are occurring in the system. House Bill 1794, enacted in 2005, authorized three of the branch campuses (UW Tacoma, UW Bothell, and WSU Vancouver) to admit freshmen and sophomores. The legislation also authorized up to four community or technical colleges to offer baccalaureate degrees on a pilot basis. In addition, a review is underway of the educational needs in the Snohomish, Island, and Skagit Counties and how to best meet those needs.

To improve the responsiveness and effectiveness of the current system, the *2004 Strategic Master Plan for Higher Education* called for the development of a resource allocation framework to respond to local, regional, and state needs with clearly stated priorities. Specifically, this framework would do the following:

- Clearly identify the existing distribution of higher education resources;
- Explain the purpose and inter-relationship of these resources;
- Establish the criteria and authorities by which these resources could change in response to emerging and changing student and regional needs; and
- Use existing and new resources in a coordinated and flexible manner.

Effectively responding to regional higher education needs requires objective data analysis and study.

7. Helping Transfer Students Earn Bachelor's Degrees

The state needs a barrier-free transfer system to help community college transfer students earn bachelor's degrees at four-year colleges and universities as efficiently as possible.

The 2004 Legislature directed the HECB to assume a leadership role in working with Washington's colleges and universities to ensure efficient and seamless transfer across the state. Developing a statewide on-line student advising system was a key assignment, along with developing transfer associate degrees for specific academic majors. The on-line student advising system would provide students with course equivalencies between institutions, recommended transfer programs, and electronic transcripts. Both efforts focus on better preparing students

before they enter four-year colleges and making the transfer process seamless and automatic, rather than simply smoother.

8. Helping Students Make the Transition to College

Every year, large numbers of Washington students graduate from high school unprepared for college study or the workplace. Inadequate preparation in high schools takes a disproportionately greater toll on African American, Hispanic, and Native American students. Students from these groups are significantly less likely than their White or Asian peers to enroll in college within a year of graduation and more likely to require remedial instruction when they enroll. Higher education shoulders much of the cost of this lack of preparation.

Leadership at the state level is essential to develop a systemic solution to the problem of inadequate academic preparation for baccalaureate degree completion. The HECB proposes to collaborate with state K-12 and higher education systems to accomplish the following key initiatives:

- Define college readiness in the key subject areas of mathematics, science, English, social studies, world languages, and the arts;
- Establish statewide student learning outcomes for grades 11 and 12 that are required for success in postsecondary study;
- Expand effective models that promote K-12/higher education collaboration and prepare students for college success; and
- Communicate with students, families, and schools the requirements of a rigorous high school education that will lead to successful postsecondary study and careers.

These initiatives will help students prepare for higher education with a clear understanding of the knowledge and abilities required for success and the confidence that their high school coursework will be enough to gain them admission and prepare them for the rigors of college work.

The HECB, along with a team of state policymakers, K-12 and higher education administrators and faculty, and private sector representatives, are developing college readiness definitions for English and science during the 2005-07 biennium. Definitions of college readiness for mathematics are being developed through the Transition Math Project and should be available for public review in spring 2006. The HECB may request funding in the 2007-09 biennium to develop college readiness standards for social studies, world languages, and the arts.

9. Reducing Barriers for Non-Traditional Students

Washington's higher education system works well for traditional students — the recent high school graduates who go from high school to college and continuously enroll until they receive their degrees. It works less well for “non-traditional” students, although the community and

technical colleges in particular have made significant advancements in programs and services during the past decade. “Non-traditional” students include, but are not limited to, unemployed adults, students whose first language is not English, and those who need to balance college, work, and family obligations.

It is imperative for the higher education system to recognize and respond to the educational and training needs of non-traditional students. By increasing the skills and knowledge of these students through education and training, we will be increasing their opportunities to better serve themselves and the state’s economic needs and development.

10. Promoting Student Success through Greater Accountability

Accountability can promote greater student success by providing motivation for institutions to focus on a limited number of priority state goals. A fully functioning accountability system provides legislators, business leaders, campus officials, students, and the public with accurate and relevant information concerning how well and how quickly the system as a whole is progressing toward achievement of state goals. The information provided through an accountability system should support and guide the policy development process as well as inform budget development.

Redesigning the state’s higher education accountability system will help the state reach its goals and promote student success at the institution, sector, and state levels. The HECB and Office of Financial Management (OFM) are working with the institutions and the State Board for Community and Technical Colleges to develop and define common and institution-specific performance measures and target performance levels for each of the measures. The short-term performance targets associated with these measures should be incorporated into budget proposals for the 2007-09 biennium.

Long-term targets on these performance measures also should be developed as a next step in this process. In addition, the HECB remains committed to developing proposals, as called for in the *2004 Strategic Master Plan for Higher Education*, for transforming the state’s higher education funding system from an enrollment-based allocation system to a model better aligned with state goals for awarding degrees and certificates and responding to the state’s economy. This effort to re-structure the financing system is a powerful aspect of a fully developed accountability system.

Another vital component of a sound accountability system is an infrastructure of data and other information sufficiently robust and aligned with state goals to enable officials and the public to monitor step-by-step progress of the system toward achievement of the goals. This topic is addressed in the next strategic policy initiative.

11. Measuring Student Success with an Improved Data System

The *2004 Strategic Master Plan for Higher Education* called for a student unit record data system to evaluate progress toward state goals and to identify and eliminate barriers to student

success. A priority is to continue developing a statewide student-level database that would include data about all students at every stage of college — from submitting the college application and deciding where to enroll to choosing a major and earning a degree. Policies related to the availability, quality, efficiency, and accountability of public higher education in the state should be based on objective data analysis. The HECB is working with the Council of Presidents, the public four-year institutions, and OFM to finalize a *Memorandum of Understanding* for sharing, protecting, and accessing data.

Operating Budget Guidelines

The operating budget guidelines complement the long-term goals and strategies identified in the *2004 Strategic Master Plan for Higher Education*, as adopted by the HECB in July 2004. The guidelines are designed to guide the institutions in developing budget items in the 2007-09 biennium that support the strategies outlined in the master plan and help the state make measurable progress toward its goals. These budget items are to be tied to performance indicators in order to measure their outcomes.

Forms and Formats

The HECB will continue to use the basic forms and formats for budget requests, as prescribed by OFM. Regardless of the budget presentation format selected by OFM, the HECB continues to recognize the critical importance of adequately funded carry-forward or maintenance budgets for institutions. It is clear that adequate maintenance budgets are essential to the ongoing vitality and quality of Washington's public colleges and universities.

By using the budget presentations defined by OFM, the HECB avoids any duplication of effort by the public institutions. In the past, this approach has allowed the HECB to focus on those items and issues that are most relevant to the board's fiscal priorities.

HECB recommendations are designed to complement institutional information and requests by providing an additional system-wide perspective on the needs of public higher education. As such, HECB review and recommendations will provide additional information that is useful to the governor and legislature in budget deliberations.

Timing of Budget Development Activities

The HECB's review of institutional budget requests is based on submissions formally presented by the institutions in September of each even-numbered year. HECB staff then will meet and discuss these budget requests with institutions. The requests will be presented and discussed at a board meeting. Based on these discussions, the HECB will develop and adopt its final operating budget recommendations.

II. 2007-09 Capital Budget Guidelines

Background

This document presents the Higher Education Coordinating Board's priorities for higher education capital projects in the 2007-09 biennium and provides a framework for evaluating and prioritizing capital project requests. Both the statement of capital priorities and the framework for prioritizing projects are directed by statute.

In 2003, the legislature and governor enacted Engrossed Substitute House Bill 2151 (HB 2151), an act pertaining to the prioritization of higher education capital project requests. This bill recognized that clear capital project expenditure priorities would be needed to support significant future investments in higher education facilities. In approving HB 2151, the legislature stated that:

"... a capital investment in higher education facilities is needed over the next several biennia to adequately preserve, modernize, and expand the capacity of the state's public two-year and four-year colleges and universities. This investment is needed to responsibly preserve and restore existing facilities and to provide additional space for new students. Further, the legislature finds that capital appropriations will need to respond to each of these areas of need in a planned, balanced, and prioritized manner so that access to a quality system of higher education is ensured.

*It is the intent of the legislature that a methodology be developed that will guide capital appropriation decisions by rating and individually ranking, in sequential, priority order, all major capital projects proposed by the two-year and four-year public universities and colleges. Further, it is the intent of the legislature that this rating, ranking, and prioritization of capital needs will reflect the state's higher education policies and goals, including the comprehensive master plan for higher education as submitted by the Higher Education Coordinating Board and as adopted by the legislature."*¹

Specifically, HB 2151:

- Requires the public four-year institutions, in consultation with the HECB and the Council of Presidents (COP), to prepare a single prioritized individual ranking of institutional capital projects.
- Requires the State Board for Community and Technical Colleges to continue to submit a single prioritized ranking of proposed community and technical college capital projects.

¹ Engrossed Substitute House Bill 2151.

- Directs the HECB, in consultation with the Office of Financial Management and the Joint Legislative Audit and Review Committee (JLARC), to develop common definitions for the public four-year institutions and SBCTC to use in developing the prioritized project ranking.
- Directs the HECB to include these definitions, as well as the criteria framework, categories, and rating system to be used in developing the ranking, in its biennial budget guidelines.

The board's 2005-07 guidelines include the common definitions and a criterion framework for prioritizing four-year projects, as required in HB 2151. In adopting the capital guidelines, the board recognized that the criterion framework was preliminary and would continue to be refined and enhanced over the next several biennia.

In responding to the directives of HB 2151 and the board's 2005-07 capital budget guidelines, the four-year institutions, working through COP, developed and submitted to the HECB, the governor, and legislature a single prioritized list of proposed capital projects. As part of its 2005-07 capital budget recommendation, the HECB adopted this list, as well as the prioritized list submitted by the community and technical colleges.

During the 2005 legislative session, legislators and staff involved in the development of the capital budget provided guidance on how to enhance the development of the four-year project list. This guidance was articulated in Section 908 of the 2005-07 capital appropriations act (SB 6094). Specifically, Section 908 specified, in part, that:

- The board shall, in consultation with the appropriate fiscal and policy committees of the legislature, identify statewide priorities for higher education capital investments and incorporate those priorities into its biennial budget guidelines.
- The evaluation of projects should place a greater emphasis on early critical review of project proposals at the pre-design phase.
- When projects are aggregated into single line-item requests, each project must meet the definition of minor works according to the capital budget instructions issued by OFM. All major projects must be listed and ranked as individual line-item requests.
- The scoring and ranking of projects shall not be based on assigning an equal number of overall points to each public four-year institution, but shall reflect an assignment of points to individual projects based on the priorities and criteria in this section and in the board's biennial budget guidelines.
- Projects shall not be ranked on the basis of a project funding source.
- The board's biennial budget guidelines shall include a quantitative method for scoring projects on the identified priorities.

HECB Statewide Priorities for Higher Education Capital Investments

Within the above policy context, the board's guidelines for the 2007-09 higher education capital budget reflect the overall goal of providing students with access to a high-quality education system that has adequate, fully functional space for students, faculty, and staff to pursue teaching, learning, research, and related activities.

Following from this broad goal and the provisions of Section 908, the board's statewide capital priorities for 2007-09 include those projects that implement a legislatively authorized program or capital priority, including, but not limited to:

- Reducing the backlog of deferred building, infrastructure, or system preservation, renewal, or replacement needs.
- Providing additional capacity or adaptation of space for instructional or research programs needed to help meet regional or statewide economic needs or opportunities.
- Creating additional instructional program capacity needed for underserved geographic regions or populations and institutions with existing space shortages.
- Funding projects that support institutional strategic planning priorities and areas of emphasis.

These priorities are closely aligned with the priorities identified by the House Capital Budget Committee's 2002 Interim Work Group on Higher Education Capital Budget and Facilities.² Specifically, the work group identified the following priorities:

1. Reduce the preservation backlog;
2. Provide new space to increase access at the community and technical colleges;
3. Fund renovations and replacements that are critical to preserving access to current instruction space or to the mission of the institution; and
4. Address unique access and mission issues as high priorities for capital appropriations.

In addition to these expenditure priorities, the board will require thorough documentation of all pre-design project requests in developing its 2007-09 capital budget recommendations. This documentation must establish the programmatic need for initiating a new major capital project.

² The work group was chaired by Representative McIntire and included Representatives Esser, Kenney, and Cox. Additionally, members of the Senate Capital Budget Subcommittee and Senate Higher Education Committee participated on an ad-hoc basis. Work group participants included representatives of the HECB, the Office of Financial Management, the Council of Presidents, the public four- and two-year institutions, the State Board for Community and Technical Colleges, and staff of the Joint Legislative Audit and Review Committee.

Project Classifications: Common Definitions

State policymakers have made it clear that they want to better understand higher education's capital project needs. The lack of commonly defined categories of project types has made it difficult for lawmakers and their staffs to understand the different needs of the various sectors and institutions. Consequently, HB 2151 directed the HECB to work with the institutions, COP, SBCTC, JLARC, and OFM to develop common definitions for the 2005-07 capital budget submittal.

Attachment A provides an association of the existing OFM project classifications of *Preservation* and *Program* with project types and their corresponding descriptions. The board recommends that the four-year institutions and SBCTC use these OFM categories in their respective project requests.

Criterion Framework for Ranking Projects

The board recognizes that the community and technical colleges have an existing system and methodology to evaluate, prioritize, and rank capital projects. State policymakers are familiar with this system, which has been developed over many years. Accordingly, the board believes that the SBCTC should continue to use its existing process for prioritizing and ranking projects.

The framework for deriving the integrated prioritized list of capital projects for the four-year institutions recognizes that many considerations affect the relative priority of a capital project. These considerations include a facility's physical condition or estimates of space need as well as an institution's role and mission, its long-term strategic plan, and its areas of current program emphasis and priority. Consequently, the proposed ranking methodology, while quantitative, is designed to provide the institutions with the opportunity to exercise discretion and judgment in the ranking of projects.

Minor Works Requests

Minor works requests include multiple projects, each costing less than \$1 million. The categories to be used to aggregate such projects are presented in Attachment A. The four-year institutions should use these categories in both the ranked/integrated list of capital projects and each institution's separate capital budget submittal.

The board believes that minor works requests addressing emergency/critical repairs and life/safety and code compliance should be prioritized higher than all major projects. All other minor works requests should be prioritized within the overall ranking of all projects, as directed by HB 2151. The board encourages the institutions to use an approach similar to that used by the SBCTC, which differentiates between the most urgent minor works needs (Category A) and less urgent minor works needs (Category B). Both the Category A and B minor works requests are

ranked in the overall project list at levels deemed appropriate relative to the nature and priority of other major projects.

Aggregated Intermediate Size Projects

Projects costing more than \$1 million, but less than \$5 million, can be aggregated into separate ranked project categories (within the prioritized list), provided that these projects and their respective categories (a) share a common purpose or characteristic, (b) have the same institutional priority, and (c) are individually identified on worksheets accompanying the prioritized list. Accordingly, institutions should use the categories shown in Attachment A to aggregate these projects.

Major Projects

The HECB is proposing a criterion framework that incorporates multiple factors to arrive at project rankings for major projects (more than \$5 million). Underlying this framework is the recognition that one type of project is not always more or less important than another type of project, either to a particular institution or to the system as a whole. Rather, each institution needs to address multiple types of needs in a balanced manner.

The criterion framework in Attachment B includes the ranking factors discussed on the following page. Ranking scores are provided for each factor. These scores represent the number of “points” that a project can receive on each factor.

The criterion framework for the evaluation and ranking of the projects includes the following factors:

- **Relationship of Project to State Priorities**
The extent to which the project has a clear and direct relationship to the HECB priorities for capital investment as described above.
- **Institutional Priority**
The relative importance of the project within an institution’s overall capital budget request. To score this factor, the first five (or fewer where appropriate) project priorities of each institution will be assigned scores from five to one.
- **Program Functionality and Quality**
This criterion allows institutions to rank projects based on program/quality-driven considerations. The institutions will develop a common method to score projects within the four categories of quality shown in Attachment B.

- **Physical Condition of Building System or Infrastructure**

This criterion assesses the physical condition of a building or campus infrastructure. It is scored only for projects whose scope includes the renovation of existing facilities or infrastructure. For buildings, the JLARC Facility Condition Index should be used as an initial base score. The base score may be adjusted if institutional-level condition assessment data indicates that a building's condition warrants the adjustment.

- **Space Shortage**

This criterion assesses the extent to which an existing space shortage exists for space types contained in projects that will add capacity. It is scored only for projects whose scope includes the creation of additional capacity. The determination of space shortage should be based on the space and utilization standards contained in the Facility Evaluation and Planning Guide (FEPG) or other national standards. The determination of classroom and class lab space needs should use the HECB's average weekly station utilization standards of 22 and 16 hours, respectively.

- **Ranking Consensus Points**

This criterion will be used by representatives of the four-year institutions, COP, and HECB to achieve a consensus on the ranking of projects. The legislative mandate for each institutional governing board to agree upon a single prioritized list requires a process allowing for negotiation and the exercise of professional judgment by those responsible for the capital assets of their respective institutions.

Attachment A

Project Classifications

Preservation: <i>Projects that maintain and preserve existing state facilities and assets and do not significantly change the program use of a facility.</i>		
Line-item Request Type	Project Types	Description
Minor Works (projects costing less than \$1 million)	<ol style="list-style-type: none"> 1. Health, Safety, and Code Requirements 2. Facility Preservation 3. Infrastructure Preservation 	<ol style="list-style-type: none"> 1. Unanticipated needs or critical repairs needed for occupant/building risk reduction or compliance with codes. 2. Minor repair and system replacement projects needed to sustain/return a building or system to current accepted performance.
Aggregated Intermediate Size Projects (projects costing more than \$1 million and less than \$5 million)	<ol style="list-style-type: none"> 1. Health, Safety, and Code Requirements 2. Facility Preservation 3. Infrastructure Preservation 	Repair and system replacement projects needed to sustain/return a building or system to current accepted performance or renovation of existing facilities and campus infrastructure needed to correct functional deficiencies of building systems or infrastructure.
Major Line-item Requests (projects costing \$5 million or more).	<ol style="list-style-type: none"> 1. Remodel/Renovate 2. Infrastructure 	Renovation of existing facilities and campus infrastructure needed to correct functional deficiencies of building systems or infrastructure.

Attachment A

Project Classifications
(continued)

Program: <i>Projects that achieve a program goal, such as changing or improving an existing space to meet new program requirements or creating a new facility or asset.</i>		
Line-Item Request Type	Project Types	Description
Minor Works (projects costing less than \$1 million)	1. Program	Minor repairs, system replacements, and improvements needed for program delivery requirements.
Aggregated Intermediate Size Projects (projects costing more than \$1 million and less than \$5 million)	1. Program	Repairs, system replacements, and improvements needed for program delivery requirements.
Major Line-Item Requests (projects costing \$5 million or more)	1. Program <ul style="list-style-type: none"> • Renovate/Modernize • Infrastructure • New Facilities/Additions • Land Acquisition • Acquisition Facilities 	<ol style="list-style-type: none"> 1. Replacement of deteriorated or dysfunctional facilities or infrastructure needed to enhance program delivery. 2. Construction or acquisition of new facilities or property needed to accommodate program demand or improve program delivery.

Attachment B**Four-Year Institution Criterion Framework: Major Projects**

Prioritization Criterion	Score
State Priorities	
Reduce the backlog of deferred building or system preservation, infrastructure, renewal, or replacement	10
Provide additional capacity or adaptation of space for instructional or research programs needed to help meet regional or statewide economic needs or opportunities	10
Provide additional instructional program capacity needed for underserved geographic regions or populations and institutions with existing space shortages	10
Institutional Priority	5 - 1
Program Quality	
Nonfunctional or nonexistent	5
Operational but seriously deficient	4
Operational but marginally deficient/inconvenient	3
Operational and adequate	0
Physical Condition of Building System (per FCI) or Infrastructure	
Marginal functionality (FCI=5)	5
Limited functionality (FCI=4)	4
Fair (FCI=3)	3
Adequate (FCI=2)	2
Superior (FCI=1)	0
Space or System Capacity Shortage	
Deficiency for existing student enrollment, faculty, staff activity level	5
Deficiency for near-term (1-6 years) growth in student enrollment, faculty, staff activity level	4
Deficiency for long-term (6-10 years) growth in student enrollment, faculty, staff activity level	3
Ranking Consensus Points	1 - 7

RESOLUTION NO. 05-22

WHEREAS, The Higher Education Coordinating Board is required by statute (RCW 28B.76.210) to review, evaluate, and make recommendations on the operating and capital budget requests of the public four-year colleges and universities and the community and technical college system; and

WHEREAS, These recommendations are to be based upon the role and mission statements of the institution and the state's higher education goals, objectives, and priorities as expressed in the *2004 Strategic Master Plan for Higher Education*; and

WHEREAS, The Higher Education Coordinating Board is also required by statute to distribute budget guidelines, which outline the board's fiscal priorities, by December of each odd-numbered year; and

WHEREAS, The Higher Education Coordinating Board reviewed the draft operating and capital budget guidelines for the 2007-09 biennium at its meeting on October 27, 2005, and these draft guidelines have been distributed for review and comment by the institutions; and

WHEREAS, The Higher Education Coordinating Board staff has discussed the draft guidelines with the board's fiscal committee;

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the 2007-09 operating budget guidelines and the 2007-09 capital budget guidelines.

Adopted:

December 15, 2005

Attest:

Bob Craves, Chair

Jesus Hernandez, Secretary