

House  
Capital Budget  
Committee

---

2013 Briefing Book  
Office of Program Research



# Table of Contents

---

	<u>Page #</u>
Budget Overview	2
Capital Budget Basics	12
Capital Budget Funding Sources	24
Functional Areas of State Government	34
A. Governmental Operations	40
B. Human Services	62
C. Natural Resources	80
D. Higher Education	106
E. Education	122



# Budget Overview



# Washington State's Three Budgets

---

Washington State typically adopts three budgets on a biennial budget cycle. The Legislature authorizes expenditures for operating, capital, and transportation purposes for a two-year period, and authorizes bond sales through passage of a bond bill associated with the capital budget. The capital budget for the 2013-15 biennium covers the period from July 1, 2013 through June 30, 2015. The primary two-year budget is passed in the odd-numbered years, and a supplemental budget making adjustments to the two-year budget often is passed during the even-numbered years.

**Operating Budget** - The operating budget includes appropriations for the general day-to-day operating expenses of state agencies, colleges and universities, and public schools. Employee salaries and benefits, leases, goods and services, and public assistance payments are typical operating expenses. More than half of the operating budget is funded by the State General Fund with the balance from federal and other funding sources. The House committee primarily responsible for the operating budget is the Appropriations Committee.

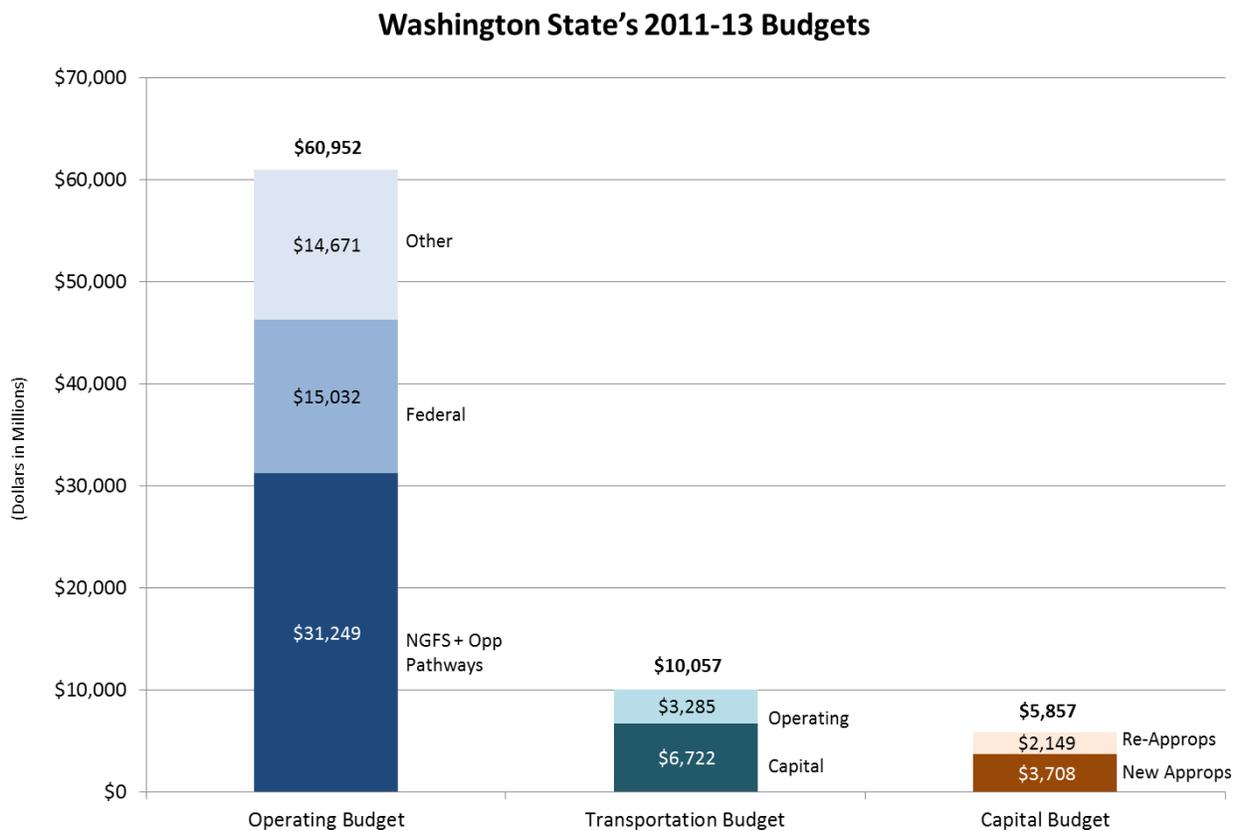
**Capital Budget** - The capital budget includes appropriations for construction and repair of state office buildings, colleges and universities, prisons and juvenile rehabilitation facilities, parks, public schools, housing for low-income and disabled persons, farmworkers and others, and for other capital facilities and programs. Approximately half of the capital budget is financed by state-issued general obligation bonds, while the rest primarily is funded by dedicated accounts, trust revenue, and federal funding sources. The capital budget often reappropriates moneys from previous biennia when projects have not been completed; major projects can take four or more years to design and construct. The House committee primarily responsible for the capital budget is the Capital Budget Committee.

**Transportation Budget** - The transportation budget includes the operating and capital costs of state and local highways, ferries, motor vehicle registration and enforcement. About 76 percent of the transportation budget is funded by state resources, one percent from local sources, and the balance from federal funding sources. Transportation-related bonds are financed primarily through the motor vehicle fuel tax. The House committee primarily responsible for the transportation budget is the Transportation Committee.

Of the three state budgets, the **operating budget** is by far the largest. For the 2011-13 biennium, the state general fund is the major state funding source, with primary revenues from the retail sales tax (46.5%), the B&O tax (21.3%), property taxes (12.4%), and the real estate excise tax (2.4%). Federal and other funds appropriated are approximately half of the remaining total budget.

Historically, approximately half of the **capital budget** is funded by state bonds. For the 2011-13 biennium, there is \$3.71 billion in new appropriations from all fund sources, including \$1.66 billion in state bonds. In addition, there is \$2.15 billion in reappropriations from all fund sources.

The **transportation budget** funds both the capital (68.1%) and operating (31.9%) costs of state transportation programs. Its primary source of funding is the state gas tax, licenses, fees, and other state revenue (80.3%, including 34.3% bonds), federal funds (18.1%), and local funds (1.6%).



Source: LEAP Committee. Data is 2011-13 biennium after 2012 Supplemental.

## Relationship between the Capital Budget and the Operating Budget

While the proceeds of bond sales are appropriated in the capital budget, the operating budget pays the debt service on the bonds. Debt service for the 2011-13 biennium is approximately \$1.92 billion, or 5.9 percent of near general fund state and related account expenditures in the operating budget. Operating budget decisions can affect the capital budget and vice versa.

## Budget Process

---

Agency budget requests generally are prepared during the summer and submitted to the Governor's Office of Financial Management (OFM). OFM evaluates these budget requests during the fall and makes recommendations to the Governor. The Governor publishes his or her budget in December, and submits it to the Legislature in January as an executive request bill. The Legislature then holds hearings, drafts its own budget proposals in bill form, passes the budgets, and sends them to the Governor for action.

## Major Applicable State Constitutional Provisions

---

### The State Constitution

The state constitution contains many restrictions on legislation and the process of legislating. Many of these restrictions are mainly procedural--in other words, they affect *how* the Legislature enacts the laws rather than *what* types of laws the Legislature may enact. For the Capital Budget Committee, these procedural requirements generally affect what may be included in the capital budget bill and what types of restrictions may be placed on appropriations for capital projects.

In other cases, the constitution places substantive limits on what the Legislature may enact. In other words, the constitution prohibits the Legislature from enacting certain types of legislation. The substantive restrictions most frequently discussed in the context of the capital budget are the debt limit and the prohibition on lending of credit.

## **The Title/Subject Rule (Procedural)**

Article II, section 19 requires that a bill contain only one subject and that this subject be expressed in the bill's title. The first part of the test requires a rational unity among the subparts of a bill; the second part requires that the bill's subject matter be expressed in its title. The purposes of the title/subject rule are preventing "logrolling" and informing legislators and the public of the subject matter of pending legislation. Because budget bills have broad titles and subjects, courts traditionally have given the Legislature a significant amount of latitude in this area and generally allow any subject reasonably germane to the appropriations to be included in the bill. The courts have ruled, however, that this constitutional provision also prevents the Legislature from making "substantive law" in the budget bill. The courts generally consider three criteria when determining whether a budget provision is substantive law: (1) whether it affects rights or liabilities; (2) whether it has been included in other legislation; and (3) whether it appears to outlast the biennium covered by the budget.

## **Appropriation Requirement (Procedural)**

Article VIII, section 4 establishes the Legislature's authority over the budget process. This section has three main provisions: (1) Before state agencies may spend money from accounts in the State Treasury, they must receive an appropriation in law. In other words, appropriations must be made in bills that pass both houses and are approved by the Governor. (2) Appropriations are temporary in nature. They may be made only for the two-year budget cycle and they expire at the end of that cycle. (3) All appropriations must specify an amount, an account, and a purpose.

Because the process of planning and building a capital project may take place over more than one biennium, the capital budget bill typically contains re-appropriations. Re-appropriations are re-authorizations to incur expenditures that were initially authorized in a prior biennium's capital budget bill.

In some cases, agencies may make expenditures without an appropriation. First, some accounts are non-appropriated and in the custody of the State Treasurer rather than the State Treasury. These accounts do not require a specific appropriation if the Legislature establishes the account in that manner. Second, a statutory "unanticipated receipts" process permits expenditure of some non-state moneys without an appropriation if the moneys were not anticipated in the budget and the legislators are notified and given an opportunity to comment.

## **Governor's Item Veto Powers (Procedural)**

Article III, section 12 establishes the Governor's veto power. Generally, for policy bills, the Governor must veto only entire sections of the bill--the Governor may not veto words, sentences, or subsections. In budget bills, the Governor may veto appropriation "items." Items include dollar appropriations and provisos that condition or limit appropriations. In general, the Governor may not veto less than an entire proviso or subsection. If the Governor vetoes a proviso that directs funds within a lump sum appropriation, the veto results in a reduction of the overall appropriations.

Court decisions about the item veto power are based on the operating budget, which is generally structured in a lump sum appropriation format. In contrast, the capital budget is generally structured as item appropriations for particular projects. It is unclear whether principles based on operating budget item vetoes would apply to the same extent in the capital budget.

## **Prohibition on Lending of Credit/Gifts of Public Funds (Substantive)**

Article VIII, sections 5 and 7, along with Article XII, section 9, prohibit the state and local governments from: (1) making gifts or loans of public funds to private individuals or corporations; (2) investing in private corporations; or (3) otherwise lending public credit to private individuals or corporations. These prohibitions apply equally to for-profit and non-profit corporations. In addition, Article VII, section 1 requires that tax revenues be spent only for public purposes. These restrictions arose from concerns about public subsidies and loans to speculative private ventures--risks that placed public funds in jeopardy and left taxpayers holding worthless stock or liable for inadequately secured debts.

Court decisions interpreting these provisions have established several criteria to determine whether state actions are a prohibited lending of credit or gift of public funds. First, governments may provide assistance to the poor or infirm, or to entities whose purposes are wholly public (such as local governments). Second, governments may lend credit or use public funds for fundamental purposes of government, even if these actions result in private benefit. Third, if public funds are otherwise provided to a private individual or corporation, the expenditure cannot be a loan, gift, or guarantee and must have adequate consideration--that is, legally sufficient compensation to the public in exchange for the benefit received. In addition, courts ask whether the private

benefit is incidental to the larger public benefit, and whether public funds have otherwise been placed at risk.

Legislative acts, including appropriations in budget bills, are presumed to be constitutional by the courts. Expenditures with clearly public purpose that address clear needs, that use a reasonable fiscal and policy approach, and that contain safeguards to ensure the public purpose is accomplished and public funds are protected are more likely to withstand a lending of credit challenge.

### **Special Legislation (Substantive)**

Article I, section 12 and Article II, section 28 may prohibit the Legislature from enacting "special laws"--that is, laws operating on only one individual, private corporation, or municipal corporation. To avoid violating these restrictions, a law must operate on categories or classes rather than specific individuals or entities. A class may consist of one person or corporation, so long as the law applies equally to all members of that class and the law's exclusions are rationally related to the purpose of the statute.

## **Debt Limit (Substantive)**

Article VIII, section 1 establishes a state debt limit. The State Treasurer may not issue any bonds that would cause the debt service (principal and interest payments) on any new and existing bonds to exceed this limit.

Currently this limit is 9.0% of the average of the prior three years' general state revenue, defined as all unrestricted state tax revenues. Under a constitutional amendment approved by the voters in 2012, this limit is reduced over time as follows: Beginning July 1, 2014, 8.5%; July 1, 2016, 8.25%, and July 1, 2034, 8.0%. The new percentage limit is based on the average of general state revenues for the prior six years' general state revenues, and the definition of general state revenues now includes state property taxes that are deposited in the general fund.

Debt is subject to this limit if it is either backed by the full faith and credit of the state or is payable from general state revenues. A 3/5 vote of each house is required to authorize debt subject to the limit. Article VIII, section 1 specifies exceptions to this debt limit, including bonds backed by specified highway and school revenues. Under a court decision, alternative financing arrangements such as Certificates of Participation generally do not constitute "debt" subject to the limit.



# Capital Budget Basics



# Capital Budget Overview

---

## What is the Capital Budget?

1. The capital budget appropriates money for the construction and repair of the following:
  - Public school buildings;
  - College and university buildings;
  - Prison facilities and juvenile rehabilitation facilities;
  - Mental health institutions;
  - State office buildings;
  - Parks and recreation facilities;
  - Low-income housing;
  - State and local museums and cultural facilities;
  - Local government infrastructure improvements, including water and sewer systems;
  - Wastewater and toxic waste cleanup facilities; and
  - Wildlife habitat conservation and open space projects.
2. The capital budget also appropriates money for state land purchases.
3. Typically, capital projects funded by the capital budget have a useful life of more than 13 years and require the involvement of an architect and/or engineer. Such projects may include:
  - Acquisition of land and buildings;
  - Construction of new buildings;
  - Major repairs, reconstruction, and additions to an existing building;
  - Utility, landscaping and infrastructure work;
  - Equipment that is necessary for the operation of a particular facility if the equipment is part of a construction or reconstruction project. Does not include: commodities, replacement parts, cars and trucks, or maintenance supplies;
  - Architectural planning and design and engineering studies for a specific capital project; and
  - Administrative costs directly related to the capital project.

4. The gray areas between the capital and the operating budgets include the costs of:
- Building repairs and building maintenance;
  - Long-range development plans and feasibility studies;
  - Project administration;
  - Equipment purchases for new facilities; and
  - Employees.

The shade of gray sometimes depends on the fund source. The Office of Financial Management and the Legislature are traditionally stricter with the use of state bonds than other funding sources.

## Size of the Capital Budget

The size of the capital budget is determined by the available bond capacity and by moneys available from dedicated accounts, trust revenue, and other funding sources.

**Bond Debt Limit** - The amount of state bonds that can be issued in any year is limited by a constitutional debt limit. Currently this limit is 9.0% of the average of the prior three years' general state revenues, defined as all unrestricted state tax revenues. Under a constitutional amendment approved by the voters in 2012, this limit is reduced over time as follows: Beginning July 1, 2014, 8.5%; July 1, 2016, 8.25%, and July 1, 2034, 8.0%. The new percentage limit is based on the average of general state revenues for the prior six years' general state revenues, and the definition of general state revenues now includes state property taxes that are deposited in the general fund.

**Bond Debt Model** - A model administered by the State Treasurer's Office is used to calculate the available bond capacity or debt limit for the current budgeting period and for future biennia planning purposes. The model calculates the actual debt service on outstanding bonds and estimates future debt service based on certain assumptions. These assumptions include revenue growth, interest rates, rate of repayment, rate of bond issuance, and other factors.

The two primary considerations regarding bond capacity for any given year/biennium are: (1) maintaining the debt service, including the new bonds, below the debt limit in the future; and (2) maintaining a consistent bond capacity over time so that all the

capacity is not used in one biennium, resulting in little capacity being available in following biennia. Typically, the Legislature and the Governor, in consultation with the State Treasurer, agree on the assumptions and bond capacity for the biennium so that decision makers can focus on policy and projects and not on bond capacity. Regardless of legislative authorization, the State Treasurer cannot issue bonds that would result in debt service exceeding the debt limit.

## Phases of a Capital Project

Phases of a Capital Project	Who Performs the Work
Land Acquisition	Department of Enterprise Services, agency staff, or consultants for large projects.
Predesign	Agency staff or consultants with active participation of agency staff for large projects.
Design and Engineering	Private architectural and engineering firms (agency staff may work on small projects).
Construction	Private contractors (small projects under \$25,000 may be completed by agency staff).

A capital project sometimes takes six or more years to complete; typically a predesign is completed in one biennium, the design is approved in the next biennium, and construction in the third biennium.

**Predesign** - A predesign is a decision-making tool that is required by statute for all capital projects that exceed \$5 million. The Legislature and the Office of Financial Management (OFM) may also require a predesign for certain stand-alone projects between \$1 million and \$5 million. The purpose of the predesign is to clearly identify the facility need/problem to be addressed and provide a thoughtful analysis of the options to meet the need or solve the problem. This will assist decision makers in determining whether the project should proceed to design and construction. The predesign process includes data collection, analysis, program development, budget development, and evaluation through which all the elements of a preliminary design or planning solution are explored. A predesign also provides cost estimates, and helps ensure that the completed project follows legislative intent. The predesign often is prepared by architectural consultants and usually includes a detailed space plan.

**Design and Engineering** - The design and engineering phase takes place after the pre-design is approved. The design is completed by a consulting firm specializing in the type of project proposed for construction. For example, the Department of Corrections may contract with a consultant with experience designing a prison complex. The design phase provides the drawings and specifications to construct the building, and a final cost estimate. Design typically takes 6-12 months depending on the complexity of the project.

**Construction** - After the design is completed and the construction phase of the project is authorized, the project is advertised for bidding. Private contractors will bid on the project, and for projects other than alternative public works projects, the lowest responsive bidder is awarded the contract. The construction contract is between the state agency and the contractor. The agency must have the contract amount and a contingency in their appropriation to award the contract. Construction of a building can take 12-24 months depending on the size of the project. An office building may take approximately 12 months for construction, whereas a prison complex may take 24 months.

## **Minor Works Appropriations**

Minor works appropriations are lump sum appropriations to cover similar small projects costing less than \$1 million or under \$2 million for higher education institutions. Minor works appropriations fall into four categories: (1) health, safety, and code requirements; (2) facility preservation; (3) infrastructure preservation; and (4) program improvement. These projects are intended to improve existing facilities or related infrastructure. The agency must file minor works lists with OFM and cannot expend or obligate funds until OFM has approved the lists. Minor works appropriations are not to be used for studies unless specifically authorized in the capital budget.

## **LEED Certification**

All major facility projects funded in the capital budget, or projects financed through a financing contract are required by statute to be designed, constructed, and certified to at least the Leadership in Energy and Environmental Design (LEED) silver standard, to the extent appropriate LEED silver standards exist for a project type. This requirement applies to any entity, including public agencies and public school districts, although the school districts may use the Washington Sustainable School Design Protocol. Affordable housing projects funded in the capital budget must comply with the Evergreen Sustainable Standard adopted by the Department of Commerce.

## **The Capital Budget Bill**

Article 8, section 4 of the Washington State Constitution requires an appropriation in legislation before money from funds and accounts in the State Treasury may be expended.

“No moneys shall ever be paid out of the treasury of this state, or any of its funds, or any of the funds under its management, except in pursuance of an appropriation by law.”

Major elements of the capital budget bill include:

1. The agency to which the appropriation is made.
2. The purpose of the appropriation.
3. The fund source and amount of the appropriation.
4. The time period of the appropriation.
5. Conditions or limitations on the appropriation.
6. Reappropriation, if any.

## Sample Capital Budget Appropriation

NEW SECTION.    **Sec. 5180.    FOR THE COMMUNITY AND TECHNICAL  
COLLEGE SYSTEM**

Green River Community College - Trades and Industry Building  
(20081222)

Reappropriation:

State Building Construction Account--State ..... \$11,000

Appropriation:

State Building Construction Account--State ..... \$2,625,000

Prior Biennia (Expenditures) ..... \$127,000

Future Biennia (Projected Costs) ..... \$28,737,000

TOTAL ..... \$31,500,000

## The Bond Bill

The capital budget has limited purpose if there is no bond bill to finance appropriations. Washington issues general obligation bonds to finance projects authorized in the state capital budget. General obligation bonds pledge the full faith and credit and taxing power of the state towards payment of debt service. When debt service payments are due, the State Treasurer withdraws the amounts necessary to make the payments from the state general fund and deposits them into bond retirement funds.

Under the Washington State Constitution, legislation authorizing the issuance of bonds requires a 60 percent majority vote in both houses of the Legislature. The bill authorizes the State Treasurer to issue bonds to fund the appropriations in the capital budget bill.

Major elements of the bond bill include:

1. Purpose of bonds.
2. Authorization for the State Finance Committee to issue bonds.
3. Amount of bonds to be issued.
4. The requirement for legislative appropriation of bond proceeds.
5. Identification of security for payment of bonds.
  - Pledges full faith and credit of the state to pay the obligation.
  - Identifies sources of payment.
  - Creates a special fund for payment of bonds.
  - Directs the State Treasurer to make payment into special fund on specific dates.

## **The Role of the State Finance Committee**

The State Finance Committee is composed of the Governor, Lieutenant Governor, and the State Treasurer. The committee's responsibilities include the following:

1. Offers state bonds for sale in the bond market.
2. Prepares "Official Statement" for each bond sale.
3. Applies for bond rating from bond rating agencies.
4. Performs reporting requirements to federal regulatory agencies.
5. Makes principal and interest payments to bondholders.

State bonds are normally sold two or four times each year depending on the cash flow needs of construction projects.

## **Washington's Bond Rating**

There are three primary bond rating companies: Moody's, Standard & Poor's, and Fitch. In addition to rating government bonds, these companies provide a wide range of credit services related to the financial markets throughout the world. These activities include rating a variety of corporate and government securities, providing financial research and risk analysis reports, and publishing credit opinions and other financial information.

The three bond rating companies rate Washington's bonds using the same criteria they use for all states. The rating is an indication, but is not necessarily definitive, of how the rating analysts view the repayment risk. The rating then impacts what interest rate

investors will require when purchasing the bonds. Typically, the better the bond rating, the better (lower) the interest rate. It is important to remember that several factors influence the interest rate Washington must pay on the bonds it issues; while the bond rating is one factor, other factors also may impact the rate significantly in a particular sale (such as economic outlook). A major downgrade in bond rating by one or more of these rating companies could cause investors to demand a higher interest rate on the bonds than they otherwise would.

Each of the rating companies use an alphabetical rating system, with AAA or Aaa being best, then AA or Aa, followed by A, BBB or Baa, BB or Ba, etc. Each rating company has a modifier for all but the top rating (AAA). For Moody's, a "1" following the letter rating means it is in the high end of the rating category, a "2" means it is in the middle of the category, and a "3" means it is in the lower end of the rating category. For Standard & Poor's and Fitch, a "+" signifies it is in the top half of the rating category, while a "-" indicates the lower half. Therefore, Moody's has 25 different ratings, Standard & Poor's has 19, and Fitch has 22. The agencies also assign outlooks (positive, stable or negative), which are indications of the direction that they expect the rating to go in the near term. Washington's ratings are as follows:

Moody's	Standard & Poors	Fitch
Aa1 (2nd highest category)	AA+ (2nd highest category)	AA+ (2nd highest category)

Source: Office of the State Treasurer. Ratings as of July 31, 2012.

The bond rating companies generally indicate that the reasons for Washington's good bond rating include its strong financial and debt policies, institutionalized conservative budget controls, frequent review of economic and financial forecasts, and strong demographics (education and wealth levels).

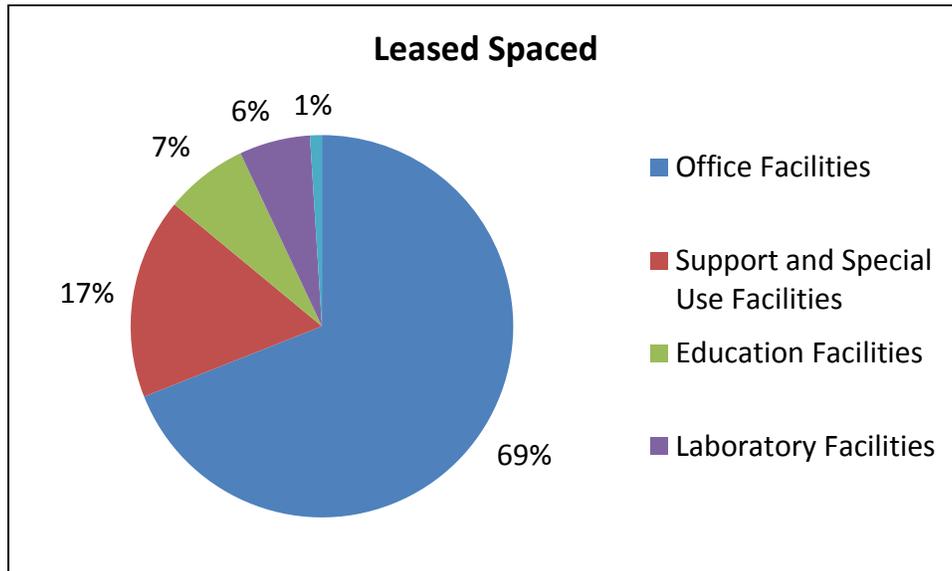
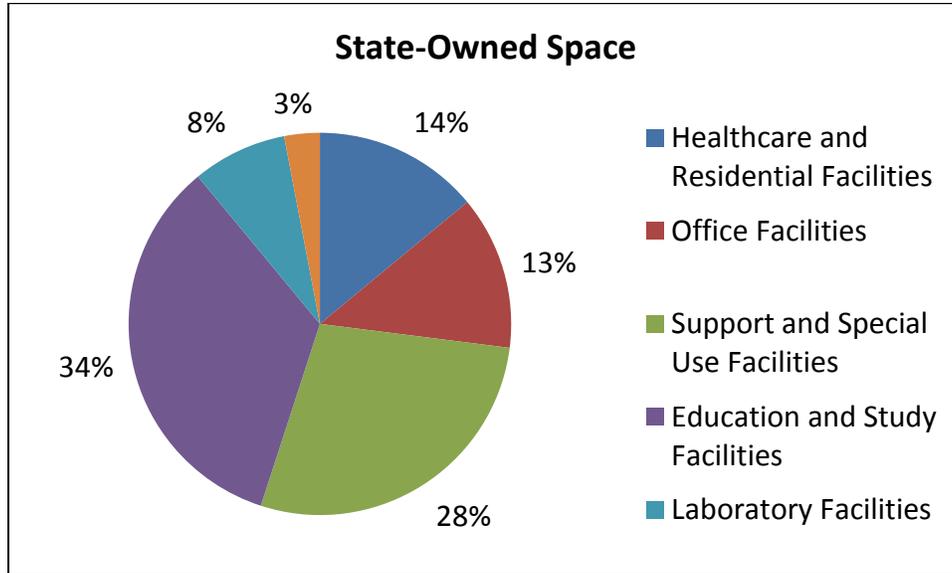
The primary reasons given by the rating companies for the rating not being higher are economic concerns relating to concentration of employment in the cyclical commercial aerospace and software sectors, a concentrated revenue system heavily dependent on sales tax receipts and no personal income tax, a degree of fiscal uncertainty associated with voter initiatives, and above average state debt levels.

While Washington State's bond ranking is not the top rating for any of the rating companies, the interest rate on Washington's bond issuances charged by the bond market has basically been close to a top rating in recent years.

## Inventory of State-Owned and Leased Facilities

State agencies utilize approximately 108 million gross square feet of facility space. About 88% of this space is owned by the state, while 12% is leased from the public and private sectors.

### Percent of Owned and Leased Facilities by Facility Type



Source: Office of Financial Management, 2012 Facilities Inventory System Report

## **State Agency Facility Oversight**

The 2007 Legislature enacted Substitute House Bill 2366, which directs the Office of Financial Management (OFM) to strengthen its oversight role in state facility analysis and decision making. The OFM works with the Department of General Administration to provide space analysis for agency programmatic needs. Facility Oversight is taking the following steps to fulfill the role as the facility oversight agency:

- Implementing a long-range strategic facility planning process;
- Linking the six-year long-range strategic facility plans to operating and capital budgets;
- Instituting a new lease review, approval and oversight system;
- Developing and maintaining a comprehensive facility inventory and asset management system;
- Strengthening accountability, communication, and reporting on facility planning and decision-making; and
- Developing organizational capacity to support improved facility planning and oversight.

## **State-Owned Facilities**

The costs associated with state-owned facilities in the capital budget include acquisition, construction, rehabilitation and major repairs. Normal maintenance costs are funded in the operating budget.

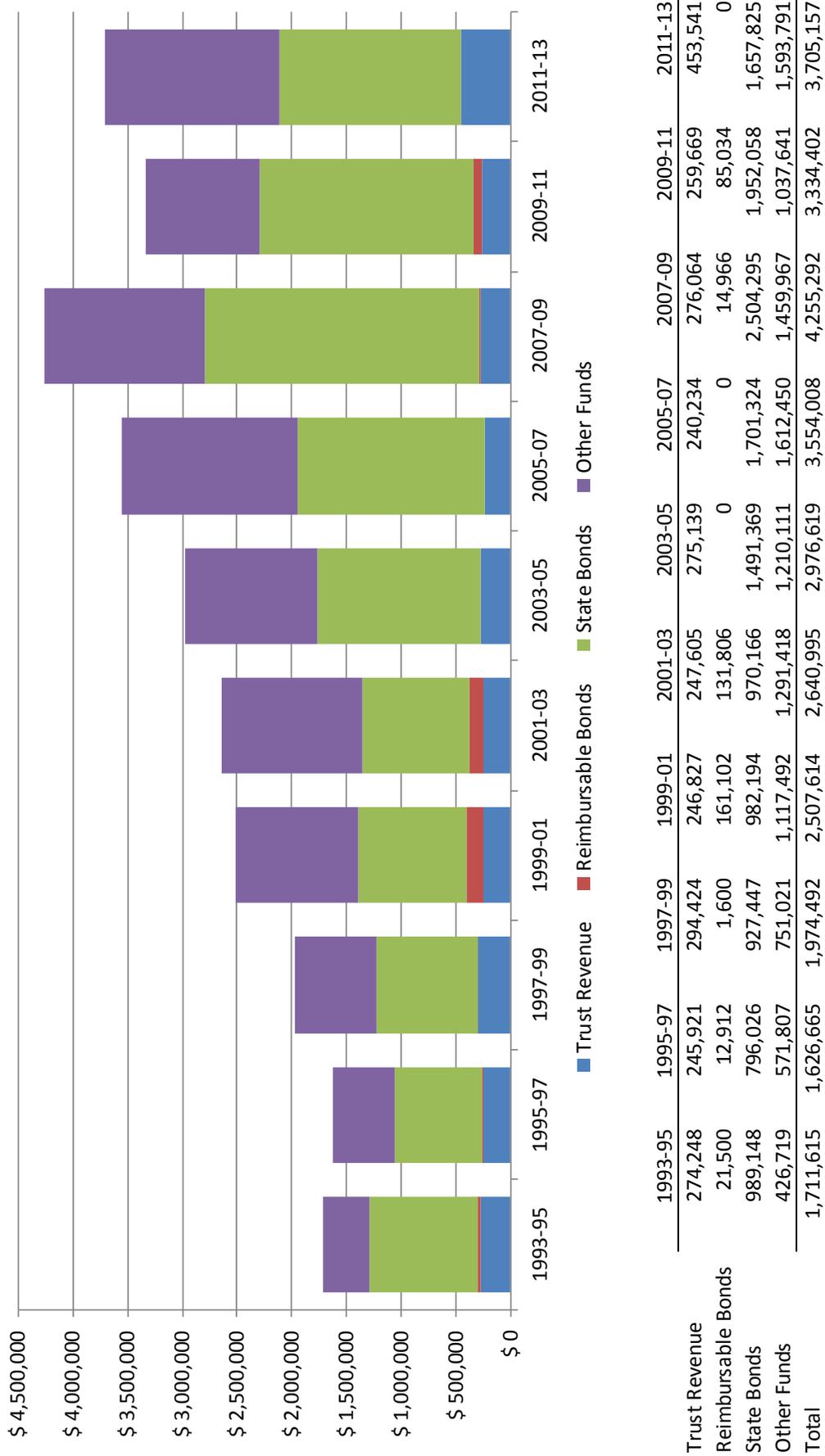
## **Leased Facilities**

State agencies may lease space in a publicly-owned or a privately-owned facility. The costs associated with leasing (rent, repairs and other operating expenses) are included in the operating budget.

# Capital Budget Funding Sources



## History of Capital Budget by Fund Source (Dollars in Thousands)



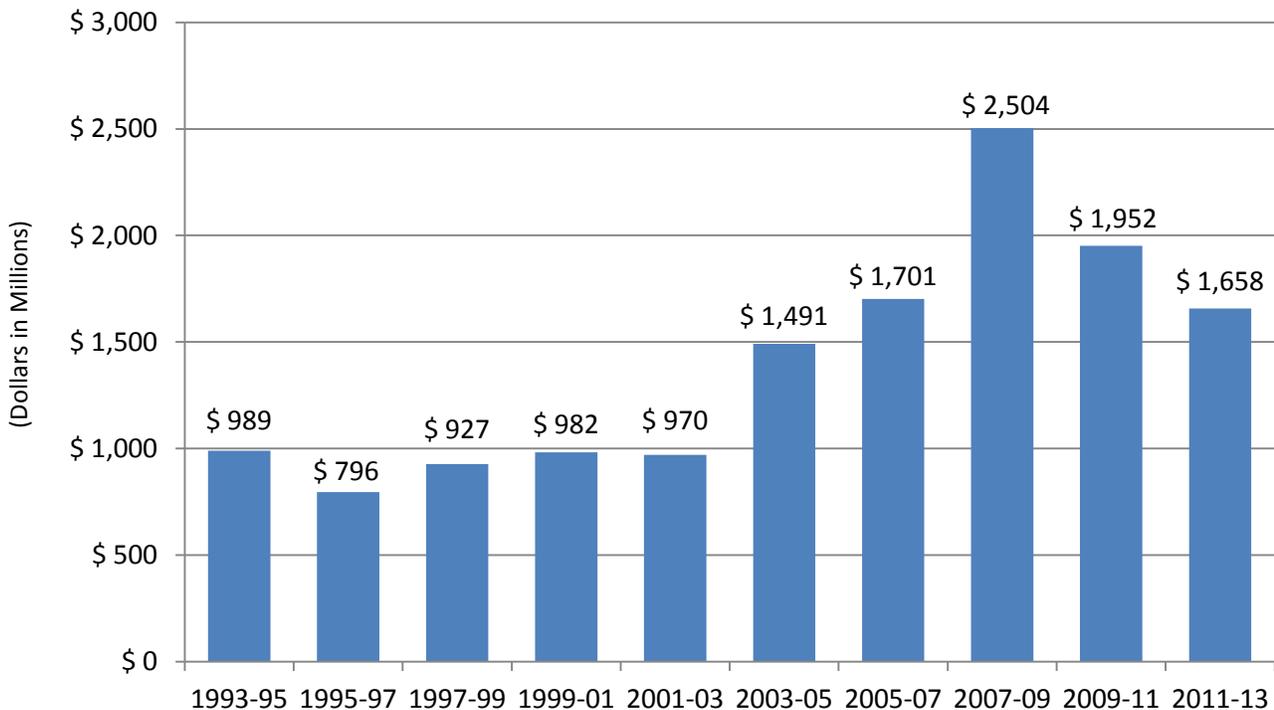
Source: Legislative Evaluation and Accountability Program Committee

# General Obligation Bonds

Bonds are “general obligations of the state” when the full faith, credit and taxing power of the state is pledged *irrevocably* to the payment of the bonds. The ability of the state to make this pledge is provided in the Washington State Constitution. These general obligation bonds have the strongest security pledge the state can make and they carry the highest credit ratings of all the state’s obligations. Accordingly, borrowing costs on general obligation bonds are lower than costs for other types of state obligations.

Funding to pay for principal and interest on those bonds is paid from the State General Fund in the operating budget.

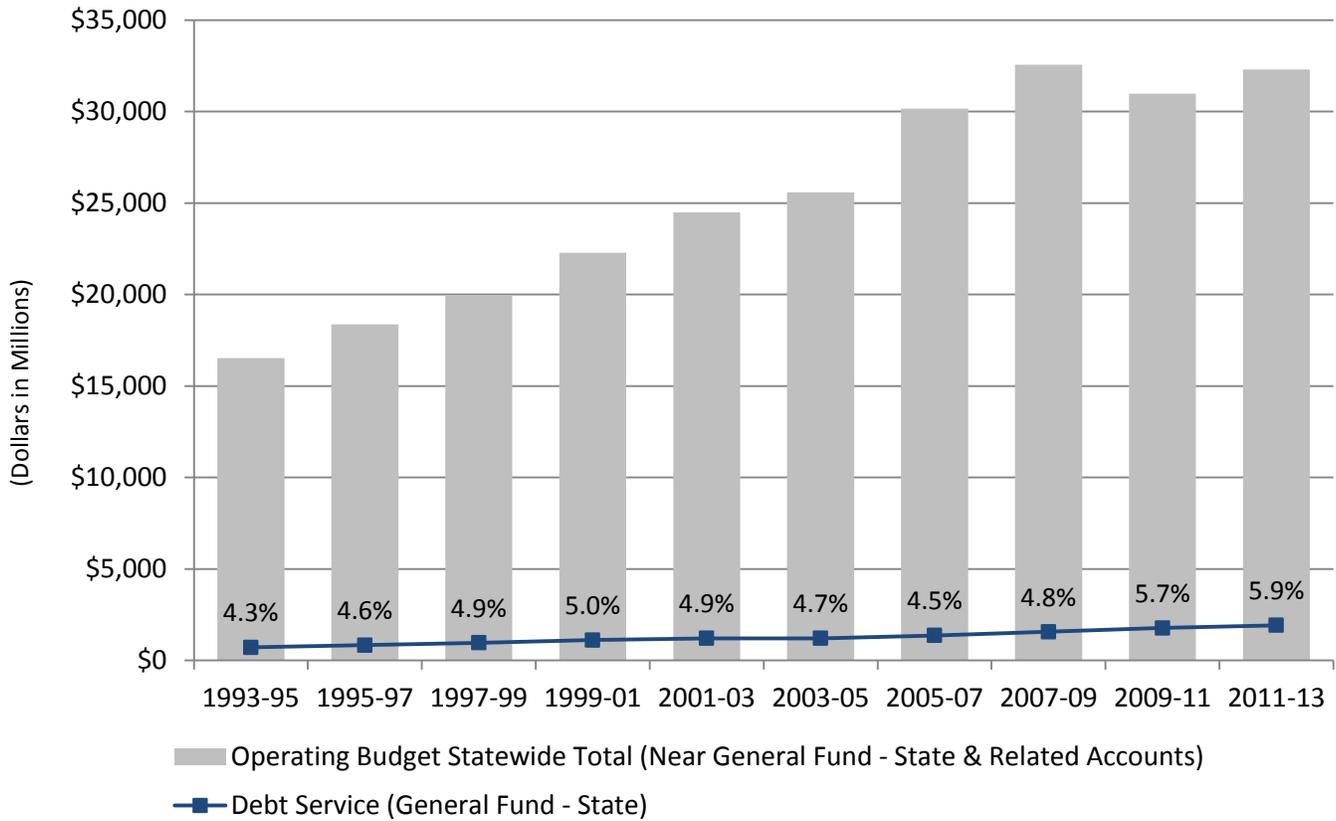
**State Bonds Subject to the Debt Limit  
Historical Capital Budget Appropriations**



Source: Legislative Evaluation and Accountability Program Committee

General fund debt service payments are \$1.92 billion in the 2011-13 biennium or 5.9% of near general fund and related account expenditures.

### Near General Fund State & Related Fund Spending



Source: Legislative Evaluation and Accountability Program Committee and Office of Program Research

## Trust Revenues

Upon statehood, the federal government granted certain lands to the state to be held in trust for several specified purposes. Beneficiaries of these trust lands include the K-12 common schools, public higher education institutions, the capitol buildings and grounds, and charitable, educational, penal and reform institutions. These lands are overseen by the Board of Natural Resources and administered by the Department of Natural Resources (DNR).

The DNR manages about 2.3 million acres for state trust beneficiaries and approximately 625,000 acres of state forest lands, beneficiaries of which include counties and junior taxing districts. State trust lands provide timber, mineral and lease revenue that is appropriated in the capital budget.

### Trust Land Endowment (By Trust)

Trust	2011 Acreage
Common School	1,793,840
Washington State University (Agriculture and Scientific Trusts)	155,502
Normal School (Central WA University, Western WA University, The Evergreen State College, Eastern WA University)	66,106
University of Washington	89,031
Charitable, Educational, Penal and Reformatory Institutions	69,485
State Capitol Building	109,477
Community & Technical Colleges (since 1990)	3,492
State Forest Lands (formerly called Forest Board Lands)	625,388
King County Water Pollution Control Division	6,006
<b>TOTAL</b>	<b>2,918,327</b>

Source: WA State Department of Natural Resources.

## Other Funds

---

Federal funds and a variety of dedicated fees and taxes are appropriated in the capital budget. Examples of dedicated accounts supported by state fees and taxes include:

- Public Works Assistance Account - State
- Washington Housing Trust Account - State
- Drinking Water Assistance Account - State
- Thurston County Facilities Account - State
- State Toxics Control Account - State
- Local Toxics Control Account - State
- Cleanup Settlement Account - State
- Water Pollution Control Revolving Account - State
- Wildlife Account - State
- NOVA Program Account - State
- Waste Tire Removal Account - State
- Building fee portion of student tuition payments

## Alternative Financing Contracts

---

Alternative financing generally refers to Certificates of Participation (COPs) and 63-20 financing.

Prior to 1989, state agencies purchased equipment and real estate independently with bank loans, vendor contracts, and through other finance companies. This activity was fragmented and financial reporting and accountability did not exist. There was no legislative oversight of the financing nor was there a mechanism to ensure proper budget authority for these types of financing.

In 1989, the Legislature enacted chapter 39.94 RCW, which provided specific authority for state agencies to enter into financing contracts for the acquisition of real and personal property. These financing contracts have the following controls:

- The Legislature must approve all contracts for the purchase of buildings and land, as well as building improvements.
- The State Finance Committee (SFC) must make rules for and administer the issuance of financing contracts.
- The SFC must approve all contracts, including the dollar amount and form of the contracts. State university facilities operated from nonappropriated funding sources such as dormitories and dining halls do not require legislative approval, but must be reported to the SFC.
- The SFC can consolidate existing and new financing contracts into a master contract.

There are four important distinctions between alternative financing contracts and bond-funded projects appropriated in the capital budget:

- Payments for debt service on alternative financing (lease/purchase) contracts come from agency operating budgets. Bond debt service payments are appropriated in the operating budget as a whole.
- The contracts are not a general obligation of the state, as are bonds. Rather, payments are subject to the availability of funds within an agency's operating budget during any given time period.
- Because the full faith and credit of the state is not pledged toward lease/purchase payments, interest rates may be higher than for general obligation bonds.
- Debt on lease/purchase contracts does not fall under the state debt limit.

## **Certificates of Participation**

Certificates of Participation are financing tools used to fund lease/purchase contracts. COPs are similar to bonds in that they are sold as securities to private investors. A third party trustee (usually a bank) administers payments between the agency and COP holders. Two COP programs are managed by the Office of the State Treasurer: Real Estate COPs and Equipment COPs.

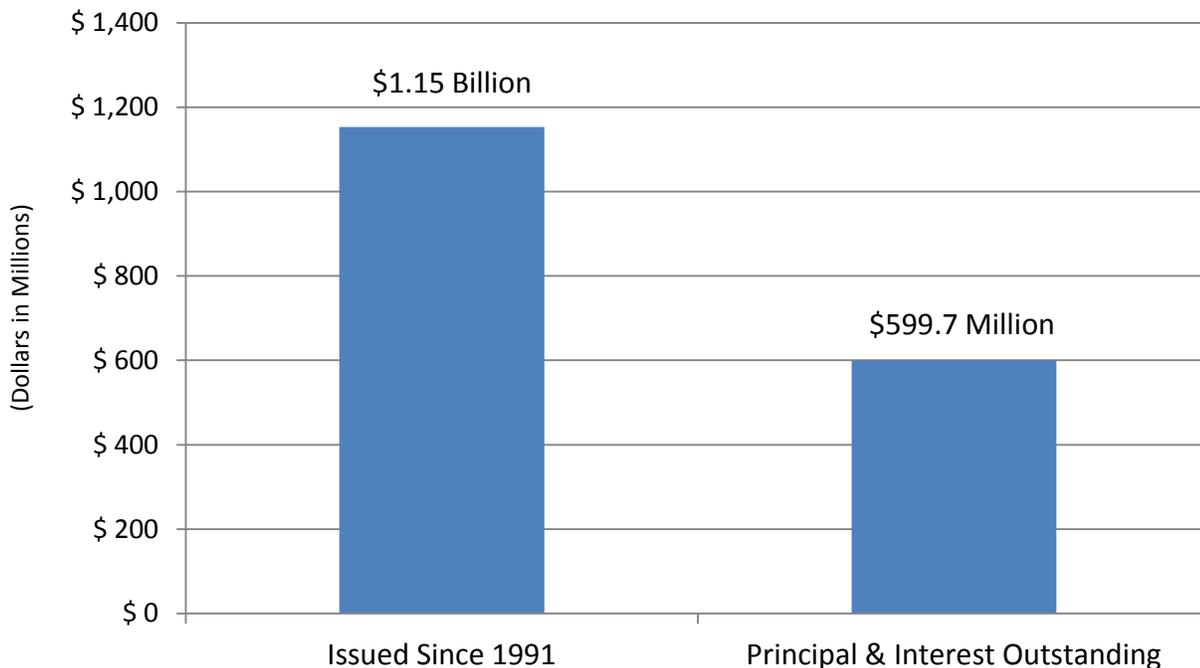
## 63-20 Financing

Another financing mechanism is known as 63-20 financing (based on IRS Ruling 63-20). Under 63-20 financing, a single-purpose nonprofit corporation issues tax exempt bonds for the projects. Using bond proceeds, the nonprofit funds a capital project and contracts with a developer for construction. The State then leases the completed building from the nonprofit owner and when the bonds expire, the State takes ownership of the building.

## Approval in the Capital Budget

All real estate (land and buildings) acquired by agencies through alternative financing (lease/purchase contracts, COPs, and 63-20 financings) must be authorized by the Legislature, however, equipment acquired by agencies through COPs does not need specific legislative approval.

### Summary of Real Estate Certificates of Participation



Source: Office of the State Treasurer, December 2012.



# Functional Areas



# The Functional Areas of State Government

---

State agencies have traditionally been categorized into functional areas for budgeting purposes. While appropriations are made to specific agencies rather than to functional areas, functional areas provide a useful tool for understanding the allocation of state resources and analyzing trends.

Functional areas in the capital budget include governmental operations, human services, natural resources, higher education, and education.

## Governmental Operations

Governmental Operations includes general government agencies, agencies headed by elected officials, agencies providing central services for the state, and several other agencies. The largest governmental operations agency is the Department of Commerce, which administers a variety of competitive loan and grant programs related to local government infrastructure, economic development, social services facilities, arts and cultural facilities, and housing. Governmental Operations represents a wide assortment of capital projects including state office construction, arts and cultural facilities, and local infrastructure.

The agencies included in this functional area are:

- Department of Commerce (COM)
- Office of Financial Management (OFM)
- Department of Enterprise Services (DES)
- Department of Information Services (DIS)
- Department of Labor and Industries (L&I)
- Washington State Patrol (WSP)
- Military Department (MIL)
- Department of Archaeology & Historic Preservation (DAHP)
- Secretary of State (SOS)

## Human Services

Human Services includes those agencies charged with serving the health and safety needs of the state's population. Most capital projects related to Human Services involve construction and repair of state institutions such as mental health facilities, prisons, juvenile rehabilitation facilities, and veterans' homes.

The agencies included in this functional area are:

- Washington State Criminal Justice Training Commission (CJTC)
- Department of Social and Health Services (DSHS)
- Department of Health (DOH)
- Department of Veterans Affairs (DVA)
- Department of Corrections (DOC)
- Department of Employment Security (ESD)

## Natural Resources

Natural Resources includes those agencies responsible for environmental quality or resources (e.g., Department of Ecology and Department of Fish and Wildlife), providing outdoor recreational opportunities (e.g., State Parks and Recreation Commission and the Recreation and Conservation Office), and managing state lands and waters for resource production (e.g., Department of Natural Resources). Examples of activities funded in the capital budget include repairing forest roads, grants for sewage treatment plants, recreational trail construction, and salmon recovery efforts.

The agencies included in this functional area are:

- Department of Ecology (DOE)
- State Parks and Recreation Commission (Parks)
- Recreation and Conservation Office (RCO)
- Conservation Commission (CC)
- Department of Fish and Wildlife (DFW)
- Department of Natural Resources (DNR)
- Department of Agriculture (WSDA)
- Puget Sound Partnership (PSP)

## Higher Education

Higher Education encompasses the main and branch campuses of the state's six four-year universities and the numerous facilities utilized by the 34 community and technical colleges.

The agencies included in this functional area are:

- University of Washington (UW)
- Washington State University (WSU)
- Eastern Washington University (EWU)
- Central Washington University (CWU)
- The Evergreen State College (TESC)
- Western Washington University (WWU)
- State Board for Community & Technical Colleges (SBCTC)
- Student Achievement Council (SAC)

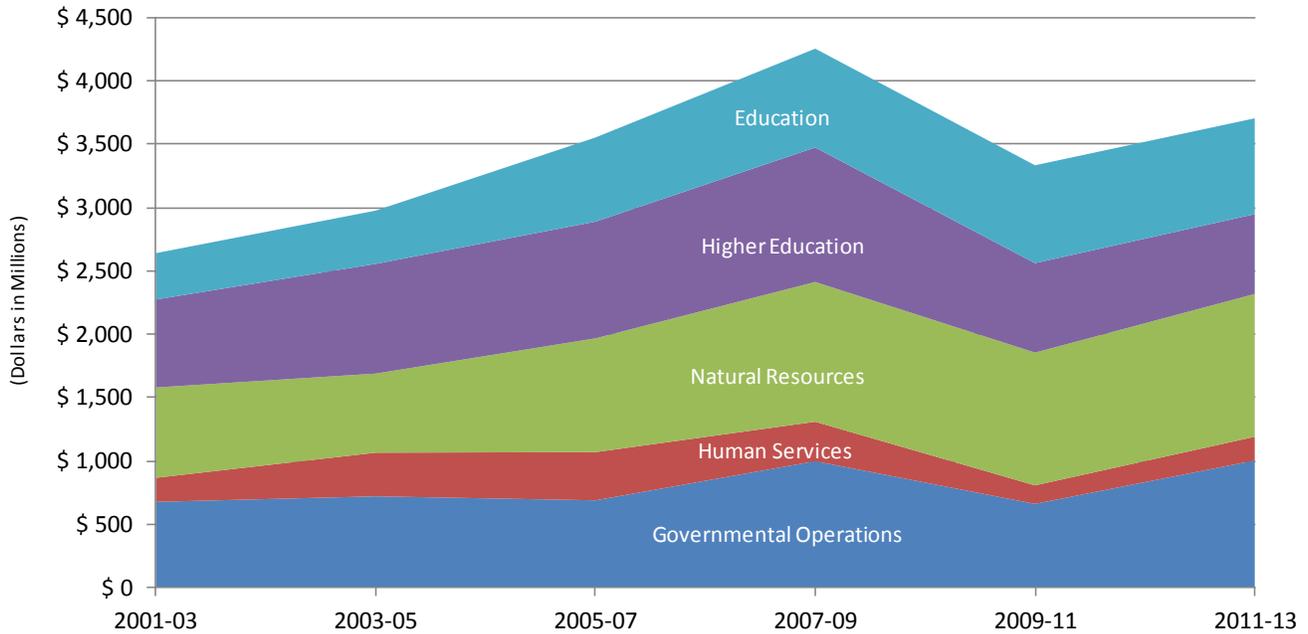
## Education

Education includes state support for the construction of K-12 public schools by local school districts, as well as funding to support the facilities used by the state schools for deaf and blind children. Funding is also provided for the museums operated by the state historical societies. The biennial appropriation for school construction assistance grants to local school districts is generally the single largest appropriation in the capital budget.

The agencies included in this functional area are:

- Office of the Superintendent of Public Instruction (OSPI)
- State School for the Blind (WSSB)
- Center for Childhood Deafness and Hearing Loss (WSD)
- Washington State Historical Society (WSHS)
- Eastern Washington State Historical Society (EWSHS)

## Capital Budget Functional Area History Total Appropriations



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Governmental Operations	677	721	689	998	661	1,004
Human Services	190	345	381	312	146	187
Natural Resources	714	625	899	1,104	1,048	1,127
Higher Education	694	866	921	1,062	706	630
Education	366	420	664	780	772	757
<b>Total</b>	<b>2,641</b>	<b>2,977</b>	<b>3,554</b>	<b>4,255</b>	<b>3,334</b>	<b>3,705</b>
Governmental Operations	20.5%	25.6%	24.2%	19.4%	24.3%	20.3%
Human Services	9.5%	7.2%	11.6%	10.7%	7.3%	4.4%
Natural Resources	22.8%	27.0%	21.0%	25.3%	25.7%	31.3%
Higher Education	30.7%	26.3%	29.1%	25.9%	24.6%	21.1%
Education	16.6%	13.9%	14.1%	18.7%	18.1%	23.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Legislative Evaluation and Accountability Program Committee

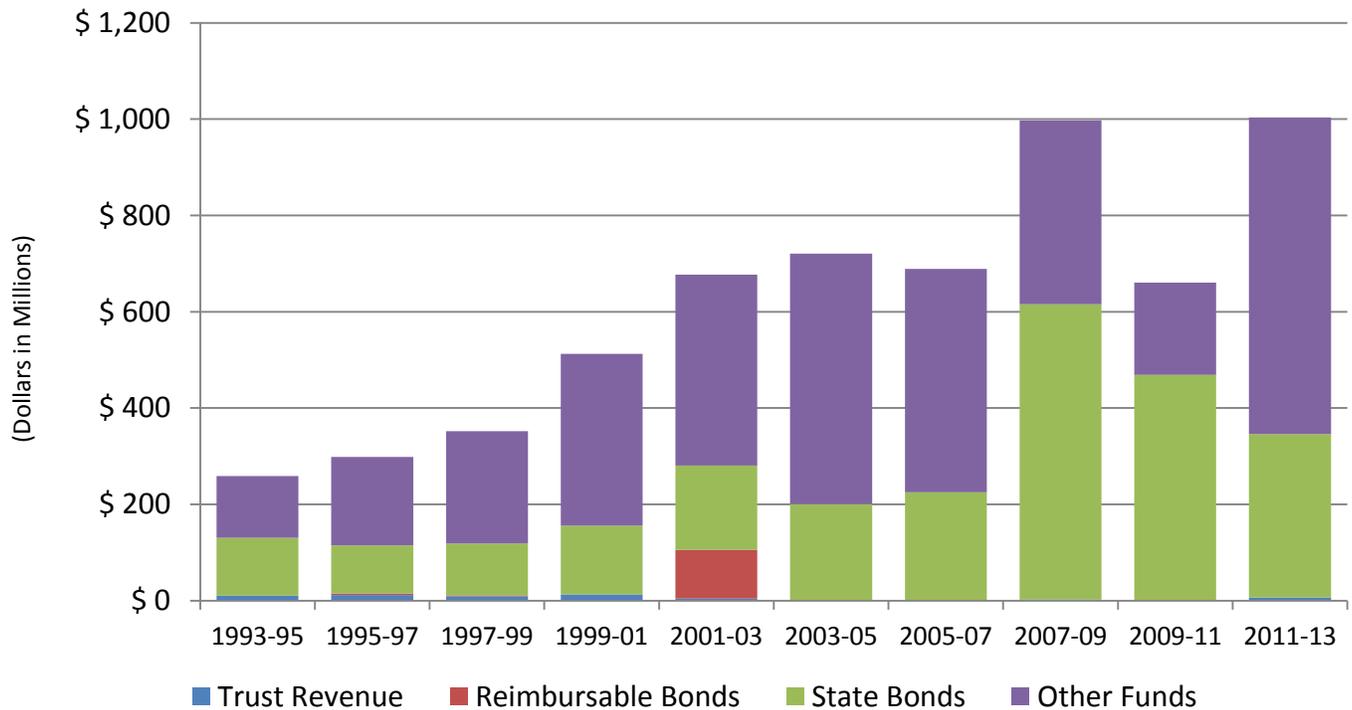
# Governmental Operations



# Overview of Governmental Operations

The Governmental Operations functional area of the capital budget includes general government agencies, departments headed by elected officials, and agencies providing central services for the state. Capital projects developed and managed by these agencies serve a wide range of public purposes including state offices, community and youth services, art and cultural facilities, affordable housing, and local public infrastructure systems.

**Governmental Operations  
Capital Budget Appropriations by Fund Source**

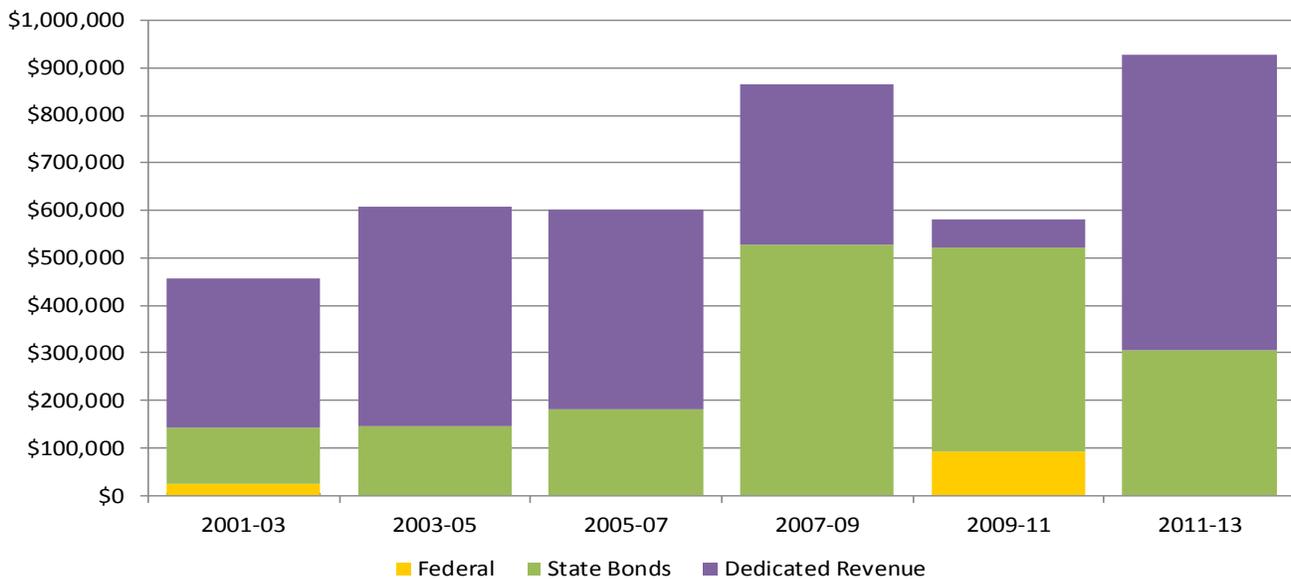


Source: Legislative Evaluation and Accountability Program Committee

# Department of Commerce

The Department of Commerce (Commerce) mission is to grow and improve jobs in Washington. Commerce administers a diverse set of programs that provide financial and technical assistance to local governments, non-profit community-based organizations, and businesses statewide. Commerce receives a significant amount of state capital funding, the majority of which is loaned or granted to local communities for basic and economic development-related infrastructure; affordable housing, weatherization, and energy efficiency projects; and community services and youth recreational facilities.

**Department of Commerce  
Capital Budget Appropriations History**  
(Dollars in Thousands)



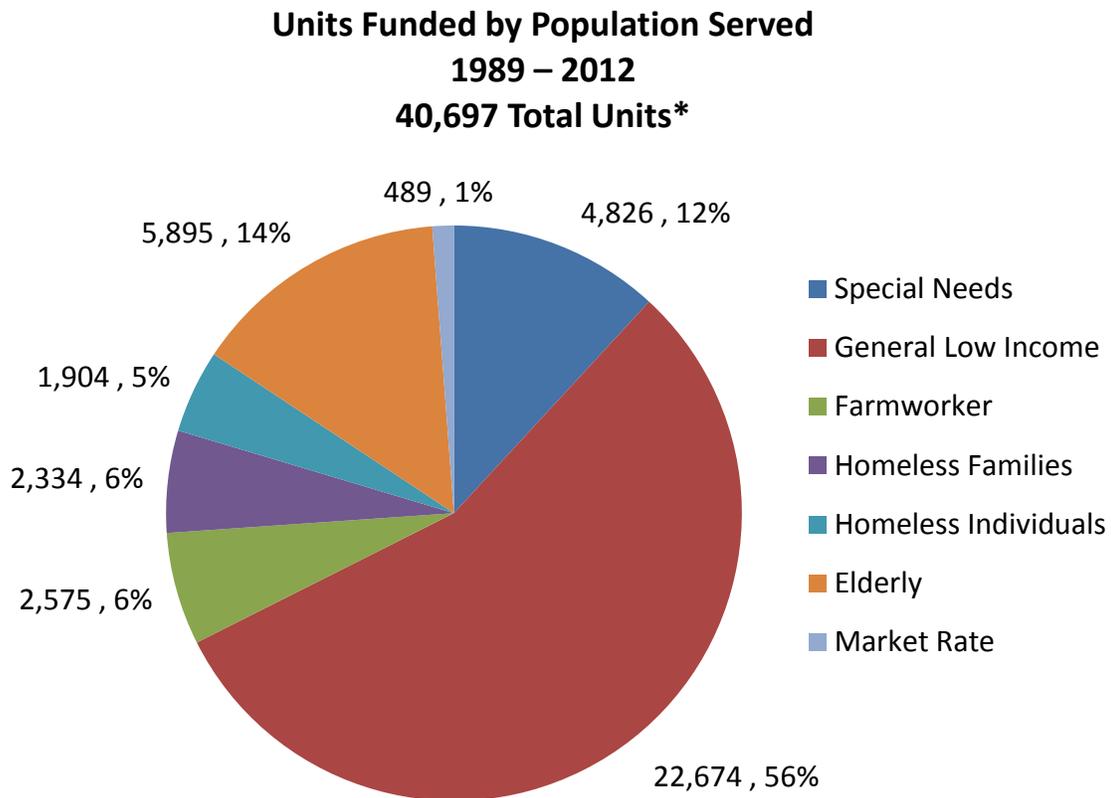
	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	25,650	1,900	0	0	91,700	0
State Bonds	118,550	143,064	181,868	527,427	428,719	305,720
Dedicated Revenue	311,404	461,715	420,356	336,885	61,429	622,166
<b>Total</b>	<b>\$455,604</b>	<b>\$606,679</b>	<b>\$602,223</b>	<b>\$864,312</b>	<b>\$581,848</b>	<b>\$927,886</b>

Source: Legislative Evaluation and Accountability Program Committee

# Major Capital Programs Administered by the Department of Commerce

## Housing Trust Fund Program

Established by the Legislature in 1987 (RCW 43.185 and 43.185A), the Housing Trust Fund (HTF) program provides loans and grants for construction, acquisition, and rehabilitation of low-income multi-family and single-family housing. By law, housing units supported by the HTF may only serve people whose incomes are at 80 percent or below a local area's median income, and at least 30 percent of HTF resources must benefit projects in rural communities. Over the past 23 years, the HTF has invested \$942 million in 40,697 housing units statewide for people with low-incomes, people with special needs, farm workers, the homeless, the elderly, and other target populations.

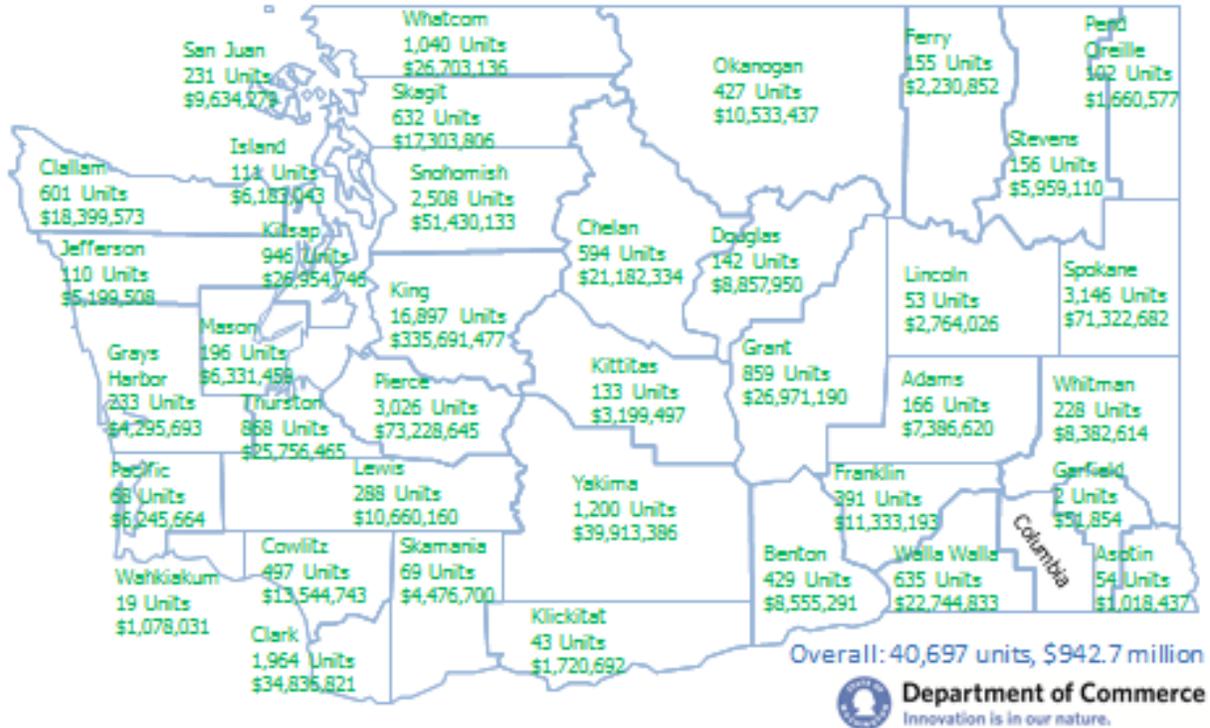


\* Includes all units currently in service or under development.

Source: Department of Commerce

# Housing Trust Fund investments since 1989

Includes multifamily and homeownership units and dollars. 1,478 more units (\$8.86 million) span multiple counties.



Source: Department of Commerce

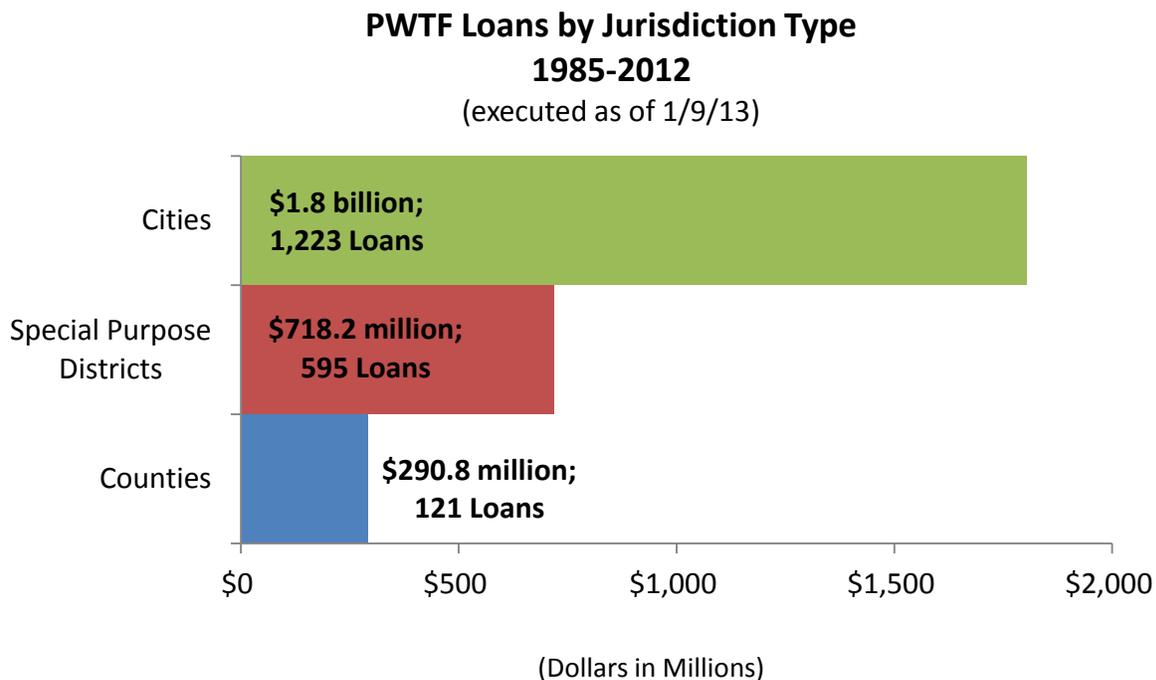
Historically, the majority of HTF resources have been allocated through competitive funding rounds conducted by Commerce each biennium. In the 2012 Supplemental Capital Budget, however, only \$4.5 million of the \$67.1 million appropriated for affordable housing was allocated for competitive funding. The remaining funds were directed at named projects organized into the following eight categories, with Commerce given authority to determine eligibility, readiness, and to allocate funding to alternate projects if necessary:

- Housing for the Homeless
- Housing for Families With Children
- Housing for Farmworkers
- Housing for Low-Income Households
- Housing for People At Risk of Homelessness
- Housing for People with Chronic Mental Illness
- Housing for People with Developmental Disabilities, and
- Housing for Seniors/People with Physical Disabilities.

## Public Works Assistance Account

The Public Works Assistance Account (PWAA) and the Public Works Board (PWB) were established in RCW 43.155 (1985) "to encourage self-reliance by local governments in meeting their public works needs and to assist in the financing of critical public works projects..."

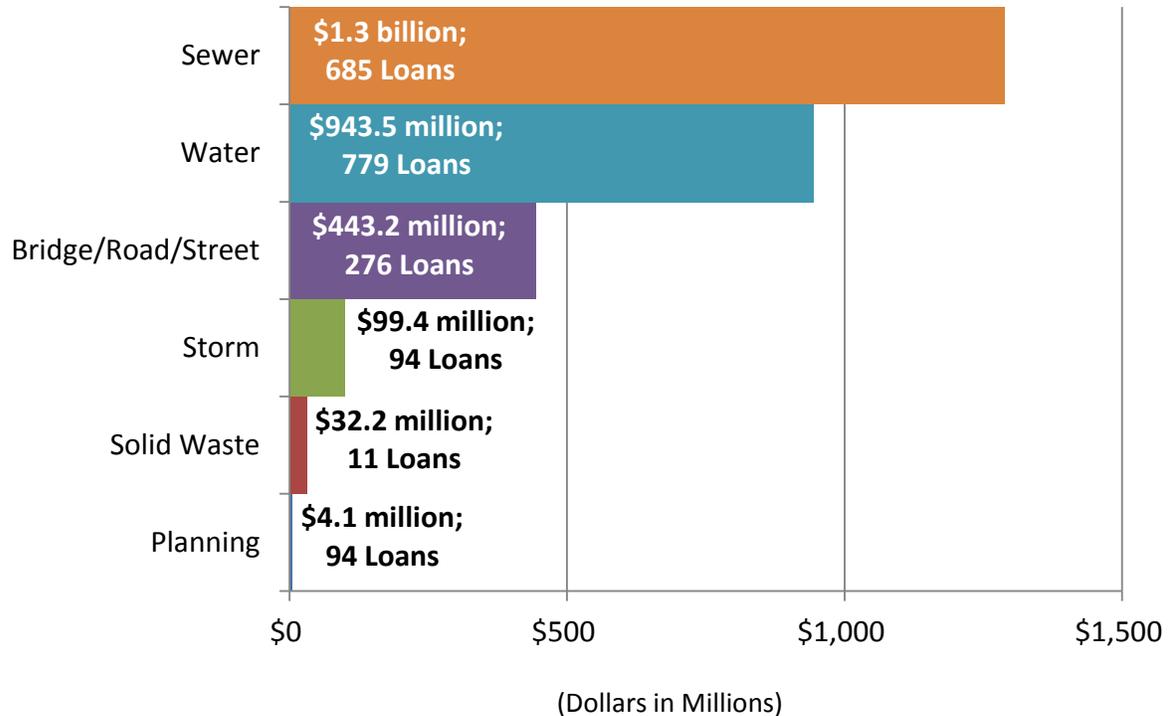
The PWAA funds low interest loans to cities, counties, special purpose districts and public utility districts. Ports, school districts and tribes are not eligible. The loans support construction, pre-construction, emergency projects and planning for infrastructure systems including drinking water, sanitary sewer, storm sewer, roads, bridges, and solid waste/recycling. Between 1985 and 2012, the PWAA has funded more than 1,900 loans totaling \$2.81 billion. Of these loans, drinking water and sanitary sewer systems account for 75% of the number of projects funded and 79% of the value. Cities have sponsored nearly two-thirds of the projects in terms of both number and value.



Source: Public Works Board, Department of Commerce

## PWTF Loans by System Type 1985-2012

(executed as of 1/9/13)

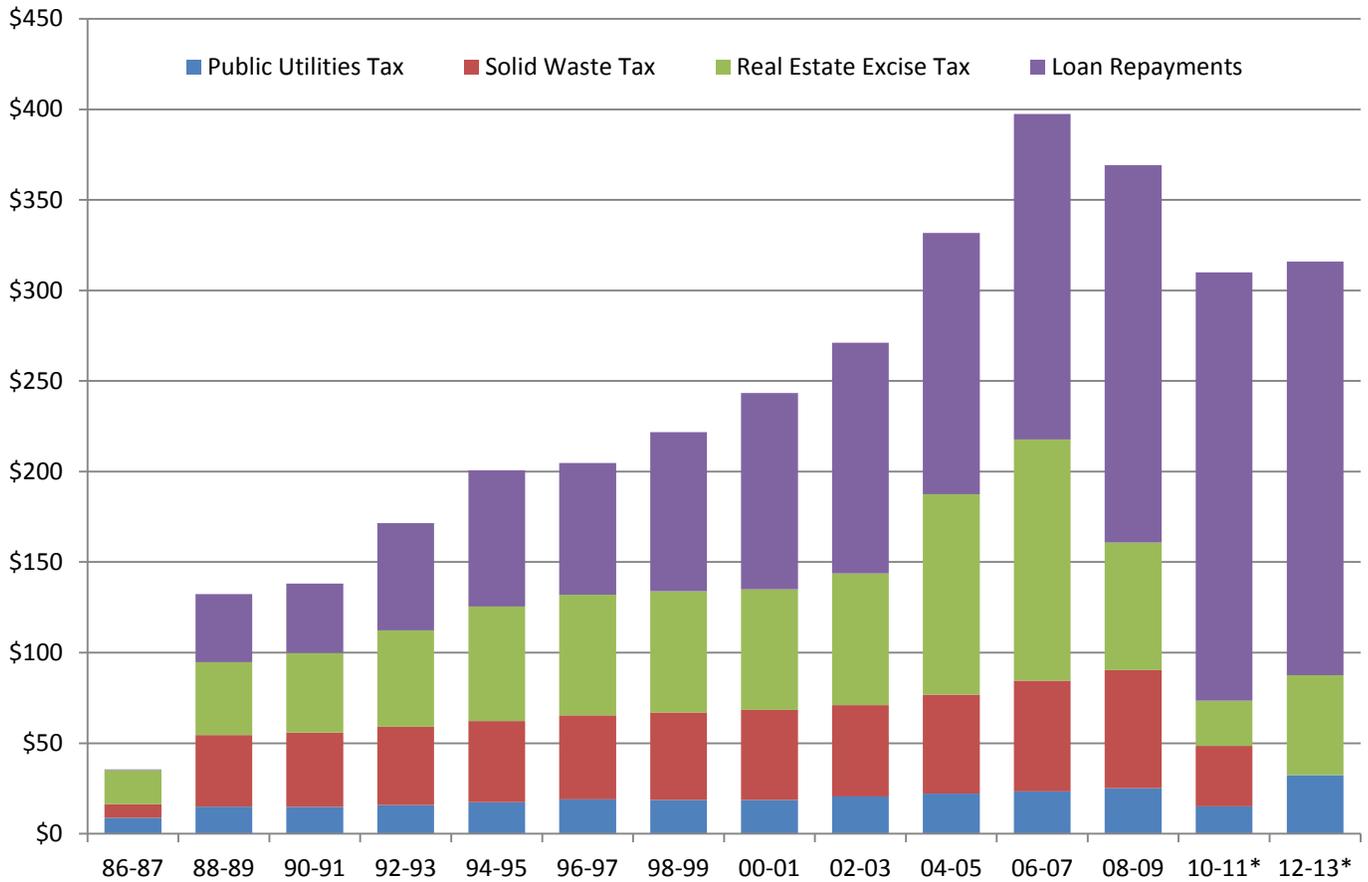


Source: Public Works Board, Department of Commerce

By law, the PWB must develop and recommend to the Governor and Legislature an annual ranked list of projects for funding. The Legislature may remove projects from the list but may not change the ranking. Monies from the PWAA cannot be obligated until the Legislature has appropriated funds for a specific list of projects.

Historically, the PWAA has received revenues from the Real Estate Excise Tax, the Solid Waste Collection Tax, the Public Utilities Tax, and loan repayments. However, in the 2009-11 biennium, the entire PWAA fund balance of \$509 million was transferred to the state general fund for general purpose expenditures. For the 2011-13 biennium, \$80 million has been similarly transferred. In addition, passage of ESHB 2823 (2012) suspended the legal requirement to deposit Solid Waste Collection Tax revenues into the PWAA from July 1, 2011 through June 30, 2015. During that period, 100% of the revenues must be deposited in the state general fund and, for fiscal years 2016 through 2018, 50% of the revenues must be deposited in the state general fund. Redirection of Solid Waste Collection Tax revenues results in a projected loss of \$76 million to the PWAA for the 2013-15 biennium.

**Public Works Assistance Account Revenue by Source**  
**Fiscal Years 1986 through 2013**  
(Dollars in Millions)



Source: Public Works Board, Department of Commerce

Notes:

1. FYs 10-11: 50% of tax revenues redirected and \$435 million PWAA cash transferred to the state general fund.
2. FYs 12-13: 100% of Solid Waste Collection Tax revenues redirected to the state general fund.

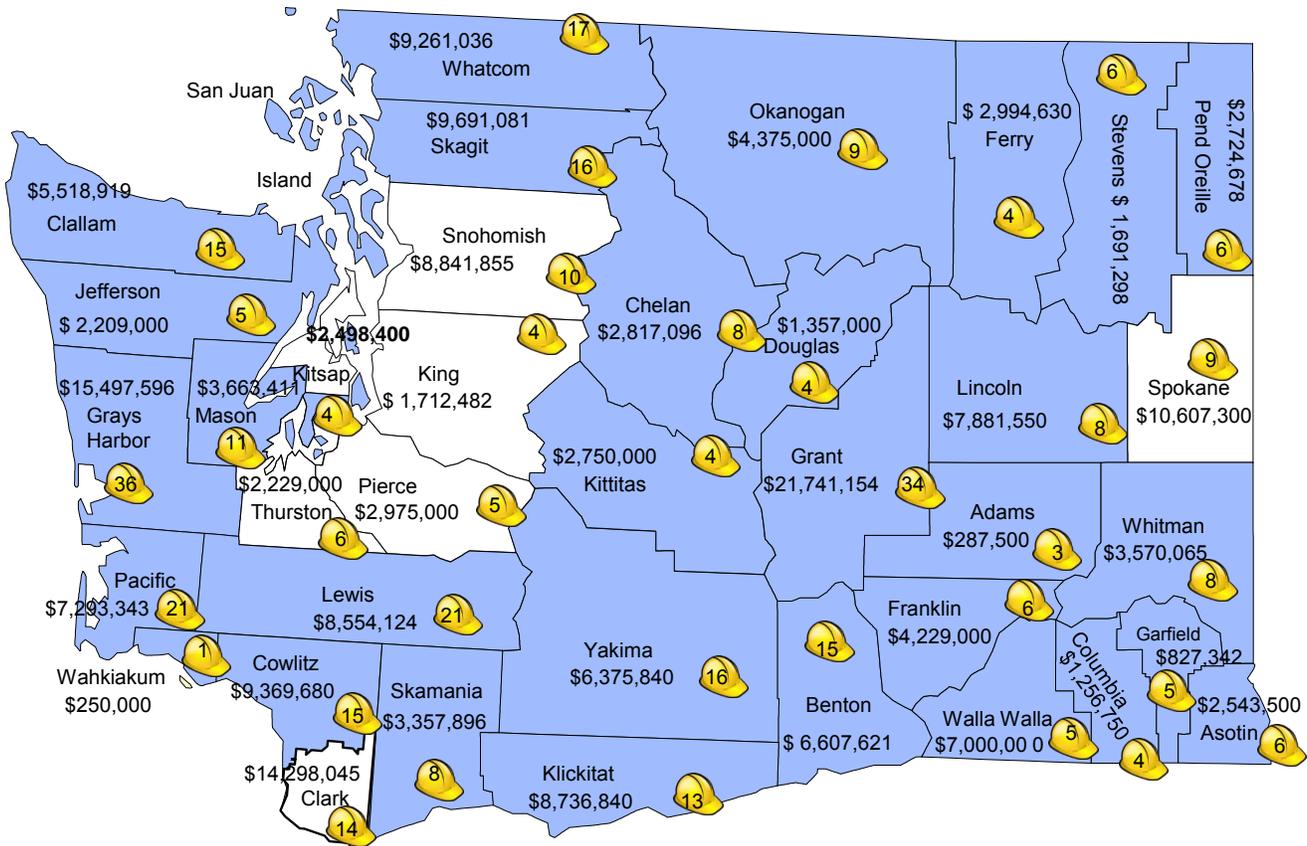
## **Community Economic Revitalization Board Program**

Under RCW 43.160 (1982), the Community Economic Revitalization Board (CERB) program funds the construction, repair, and acquisition of public facilities that encourage new business development and expansion in areas seeking economic growth. Eligible public facility projects include domestic and industrial water, buildings and structures, industrial wastewater treatment and storm water facilities, telecommunications, electricity, natural gas, and transportation. Funding for CERB projects primarily is appropriated from the Public Facilities Construction Loan Revolving Account.

The CERB is governed by a 20-member Board that includes representatives of local governments, tribes, the private sector, the Legislature, and state agencies. Historically, the Board has conducted regularly scheduled competitive funding rounds for projects proposed by eligible jurisdictions, which include: counties, cities and towns, port districts, special purpose districts, innovation partnership zones, municipal and quasi-municipal corporations, and federally-recognized Indian tribes.

The Traditional CERB program offers three financing programs: Committed Private Partner Construction, which requires evidence that a private development or expansion is ready to occur, contingent on approval of CERB funds; the Prospective Development Construction, which requires evidence that a private development or expansion is likely to occur as a result of the public improvements; and Planning studies which evaluate high-priority economic development projects. However, beginning in 2009, the Legislature has directed pass-through funds to CERB for non-traditional projects such as port- and export-related infrastructure, technical assistance, and innovation grants.

## Community Economic Revitalization Board Investments 1982 - 2012



Represents the number of projects in the County.

Note: Counties in blue are rural counties, as defined in RCW 43.160.020, and white counties are urban counties.  
Source: Community Economic Revitalization Board, Department of Commerce

### Local Community Competitive Grant Programs

Through statutory programs such as Building for the Arts, Building Communities Fund, and Youth Recreational Facilities, the Legislature appropriates competitive grant funding for certain categories of projects benefitting local communities. The Department of Commerce conducts a separate competitive process for each program and uses expert advisory committees to evaluate projects. Project lists are included in the Governor's capital budget proposal and project funding is determined by the Legislature in the enacted capital budget.

	<b>Building for the Arts (RCW 43.63A.750)</b>	<b>Building Communities Fund (RCW 43.63A.125)</b>	<b>Youth Recreational Facilities (RCW 43.63A.135)</b>
<b>Program Purpose</b>	Defrays up to 20% of eligible capital costs for acquisition, construction and/or major renovation of arts capital facilities.	Defrays up to 25% or more of eligible capital costs to acquire, construct, or rehabilitate nonresidential community and social service centers.	Defrays up to 25% of eligible capital costs for acquisition, construction, and/or major renovation of capital facilities for non-residential youth recreation that includes a supporting social service or educational component.
<b>Eligible Applicants</b>	501 (c) 3 nonprofit performing arts, art museums and cultural organizations	Nonprofit, community-based organizations located in distressed communities or serving a substantial number of low-income or disadvantaged persons.	501 (c) 3 nonprofit organizations
<b>Grant Cycle</b>	Biennial	Biennial	Biennial
<b>Fund Source</b>	State Bonds	State Bonds	State Bonds
<b>2011-13 Appropriations</b>	\$2.46 million	\$13.4 million	\$4.25 million
<b>Maximum List Size</b>	\$12 million by statute	Determined by capital budget	\$8 million by statute
<b>Maximum Amount/Project</b>	\$2 million	The Department may not set a maximum.	\$800,000
<b>Process and Legislature's Role</b>	Applications are screened by Commerce and ranked by an advisory committee of art facilities experts. The Commerce director reviews and may include the ranked list in the agency capital budget request. The Governor may include the list in the proposed capital budget bill. The Legislature has final approval of the list and the total budget.	Applications are screened by Commerce and evaluated by an advisory committee of social services experts. The Department must include a ranked list of qualified projects in the agency capital budget request to the Governor and Legislature. The Legislature has final approval of the list and the total budget.	Applications are screened by Commerce and ranked by an advisory committee of youth recreational facilities experts. The Commerce director reviews and may include the ranked list in the agency capital budget request. Governor may include the list in the proposed capital budget bill. The Legislature has final approval of the list and the total budget.

## **Prohibitions on Lending of Credit/Gift of Public Funds**

The Washington State Constitution prohibits the state from lending its credit or making gifts of public funds. In general, these provisions prevent the state from making expenditures without receiving a public benefit in return, and from placing state funds at risk without adequate protection. These prohibitions do not prevent the state from providing grants to entities whose purposes are wholly public, such as local governments, but the restrictions do limit the state's ability to provide grants to individuals and private corporations, whether for-profit or non-profit.

In the case of local and community projects, the state grants appropriated in the capital budget provide funding to construct, purchase or renovate a facility that the non-profit organization or local government will then use to provide services to the public. The public benefit is the services that the public will receive when the capital project is completed. This benefit is more indirect than, for example, contracts with non-profits that are funded in the operating budget, where the compensation for the public expenditure is the services that are directly and contemporaneously provided.

Given these lending of credit/gift of public funds restrictions, grant programs for local and community projects contain a number of safeguards to ensure that the grants comply with the Washington State Constitution.

The competitive application process and other state requirements for the statutory grant programs significantly reduce the risk of lending of credit/gift of public funds violations. Under the programs' processes and requirements: (1) a competitive application process means the public benefit is clearly defined and highly ranked; (2) the financing is secured and the state grant is generally 25 percent or less of total project financing; (3) the project is well underway and will be completed in a short timeframe, meaning the facility can start providing the public services/benefits soon; (4) the project or a phase of the project will be usable to the public for its intended purpose once the state funds are expended; and (5) the nonprofit organization or local government has entered into a contract to ensure the facility will be used for its intended purpose for a sufficient period of time in the future to justify the state investment in the project.

These criteria ensure that the state receives a benefit in the form of services provided to the public in the near term, and they protect public funds by avoiding expenditures for projects that are still in the early stages or for which financing still needs to be raised.

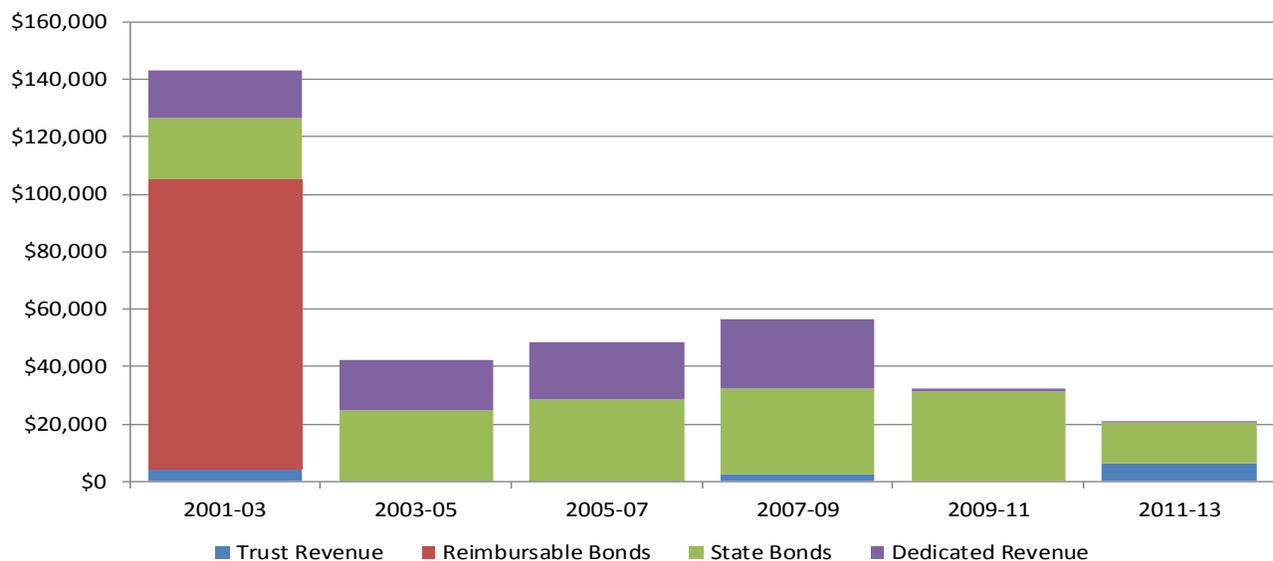
In addition, the state must recover the investment from any projects that do not provide the public services or benefits for a sufficient period of time or from projects that are not completed within a reasonable period of time (generally five years).

# Department of Enterprise Services

The Department of Enterprise Services engages in the following capital budget related activities:

- Provides engineering and architectural services to non-higher education agencies and community and technical colleges including design and construction services.
- Manages capital planning and programs for over five million square feet of state-owned property, including the capitol campus, Capital Lake, and Heritage Park in Olympia.
- Provides maintenance and custodial services to the capitol campus and satellite campuses.
- Provides real estate services to agencies leasing space in privately-owned and state-owned facilities in conjunction with the Office of Financial Management.
- Assists agencies to relocate, acquire, and dispose of property.

**Department of Enterprise Services  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Trust Revenue	4,428	140	145	2,604	0	6,397
Reimbursable Bonds	100,681	0	0	0	0	0
State Bonds	21,268	24,568	28,604	29,969	31,501	13,943
Dedicated Revenue	16,568	17,447	19,781	23,705	1,000	350
<b>Total</b>	<b>\$142,945</b>	<b>\$42,155</b>	<b>\$48,530</b>	<b>\$56,278</b>	<b>\$32,501</b>	<b>\$20,690</b>

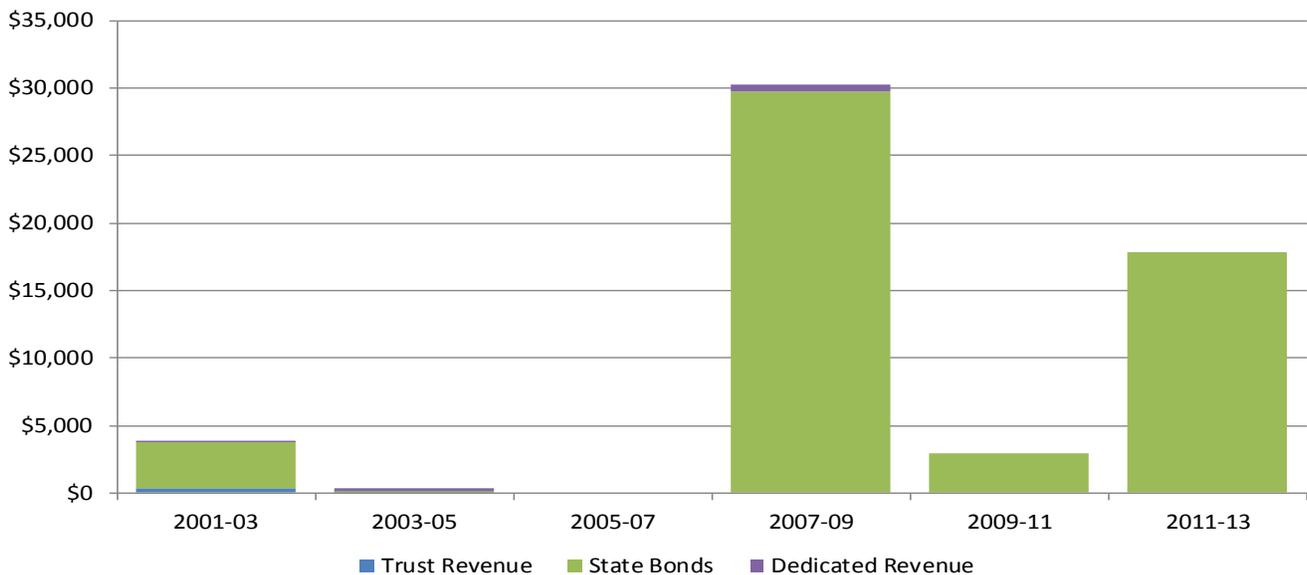
Source: Legislative Evaluation and Accountability Program Committee

# Office of Financial Management

The Office of Financial Management engages in the following capital budget related activities:

- Develops capital budget proposals from agency requests for submission to the Legislature by the Governor (both for the upcoming biennium and a 10-year capital plan).
- Administers the adopted capital budget and oversees agency capital planning, spending, projects, and decisions.
- Analyses agency space needs through facilities oversight.
- Participates in the scoring and ranking of higher education capital requests.

**Office of Financial Management  
Capital Budget Appropriations History**  
(Dollars in Thousands)



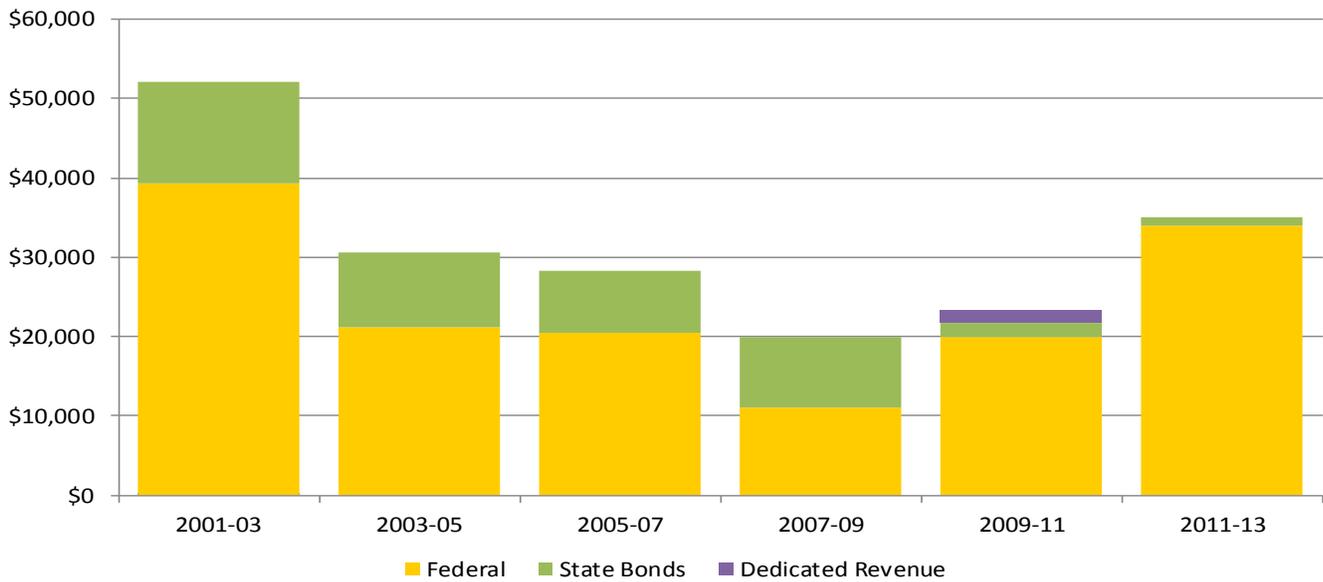
	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Trust Revenue	301	15	0	0	0	0
State Bonds	3,450	150	0	29,789	2,962	17,883
Dedicated Revenue	50	150	0	475	0	0
<b>Total</b>	<b>\$3,800</b>	<b>\$315</b>	<b>\$0</b>	<b>\$30,264</b>	<b>\$2,962</b>	<b>\$17,883</b>

Source: Legislative Evaluation and Accountability Program Committee

# Military Department

The Military Department, headquartered at Camp Murray, has four major operational divisions: the Army National Guard, Air National Guard, Emergency Management, and State Services. Using state and federal resources, the Department provides services including homeland defense, homeland security, and emergency mitigation, preparedness, response and recovery activities. The Military Department manages capital programs at Camp Murray and readiness centers throughout the state to respond to local emergencies and disasters and accommodate the state’s military mission.

**Military Department  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	39,248	21,228	20,488	11,035	19,917	33,898
State Bonds	12,785	9,294	7,852	8,991	1,809	1,198
Dedicated Revenue	0	0	0	0	1,657	0
<b>Total</b>	<b>\$52,033</b>	<b>\$30,522</b>	<b>\$28,340</b>	<b>\$20,026</b>	<b>\$23,383</b>	<b>\$35,096</b>

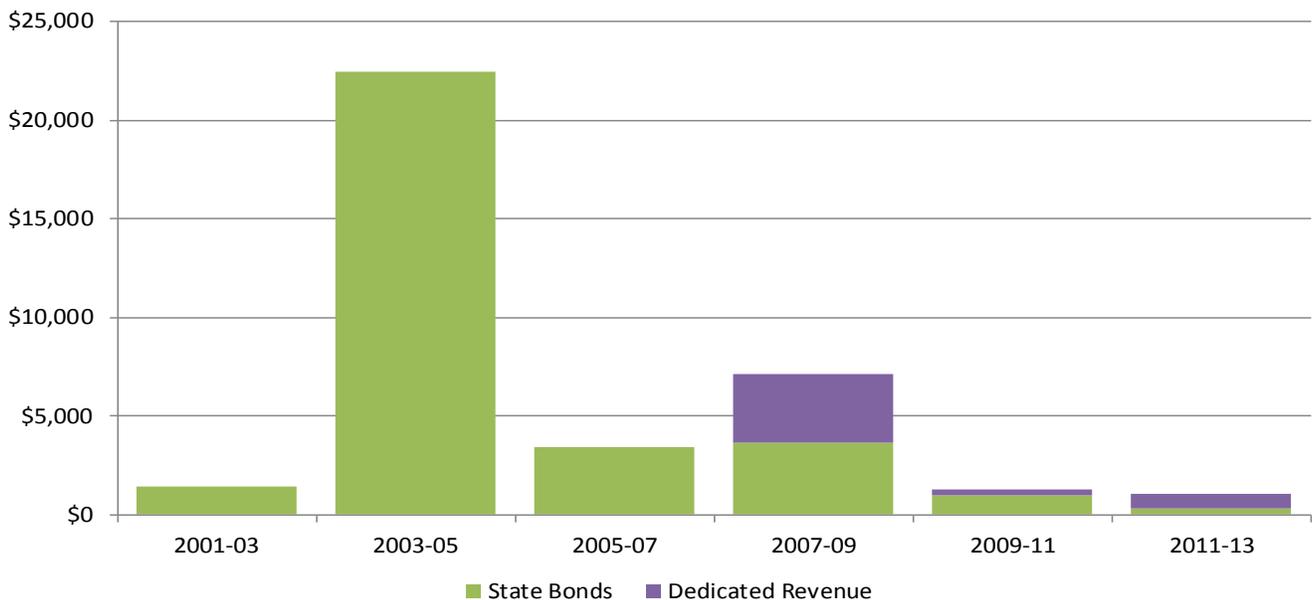
Source: Legislative Evaluation and Accountability Program Committee

# Washington State Patrol

The Washington State Patrol is comprised of about 600 state troopers that patrol the highways and ferries. In addition, there are civilians including those who work for the State Fire Marshal; those who work as technicians and scientists in the state's crime labs processing DNA samples to help prosecute criminal cases; and investigative support staff who maintain criminal records and databases.

The Washington State Patrol operates the State Patrol Academy in Shelton, the Fire Training Academy in Bend, and forensic laboratories located in Cheney, Vancouver, and Seattle.

**Washington State Patrol  
Capital Budget Appropriations History**  
(Dollars in Thousands)



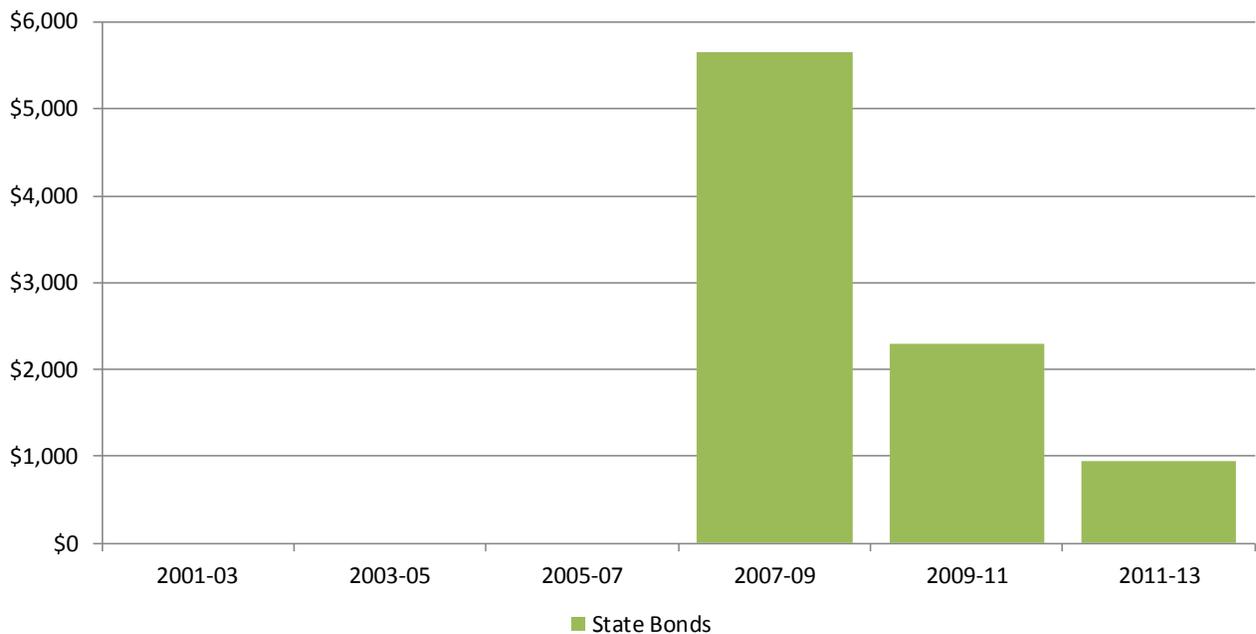
	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
State Bonds	1,450	22,415	3,435	3,650	975	315
Dedicated Revenue	0	0	0	3,500	300	744
<b>Total</b>	<b>\$1,450</b>	<b>\$22,415</b>	<b>\$3,435</b>	<b>\$7,150</b>	<b>\$1,275</b>	<b>\$1,059</b>

Source: Legislative Evaluation and Accountability Program Committee

# Department of Archaeology & Historic Preservation

The Department of Archaeology and Historic Preservation (DAHP) provides services to state agencies, local governments, and others related to the preservation of the state's historic and cultural resources. Its Director serves as the state's historic preservation officer. DAHP programs include reviewing proposed capital projects for impacts on cultural resources; providing permits for archaeological excavations; helping local governments preserve historic resources; and administering federal rehabilitation investment tax credits. The DAHP manages two capital programs: Heritage Barn Preservation Grants and Historic County Courthouse Grants.

**Department of Archaeology & Historic Preservation  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
State Bonds	0	0	0	5,650	2,300	950
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,650</b>	<b>\$2,300</b>	<b>\$950</b>

Source: Legislative Evaluation and Accountability Program Committee

## Relevant Organizations to the Functional Area

---

Department of Archaeology and Historic Preservation (Executive Order 05-05) - Governor Gregoire signed Executive Order 05-05 in November of 2005, requiring state agencies with capital improvement projects to integrate the Department of Archaeology and Historic Preservation, the Governor's Office of Indian Affairs and concerned tribes into their capital project planning process.

Affordable Housing Advisory Board (RCW 43.185B.020) - The Affordable Housing Advisory Board reviews, evaluates, and makes recommendations to the Department of Commerce regarding existing and proposed housing programs and initiatives including tax policies, land use policies, and financing programs.

State Building Code Council (RCW 19.27.070) - The State Building Code Council is a 20-member council created to advise the Legislature and Governor on building code-related matters. The Council adopts and amends Uniform Codes, Historic Building Code, and Energy Code in accordance with the Administrative Procedures Act; reviews and approves or denies Local Residential Amendments; employs permanent and temporary staff; and contracts for services.

State Capitol Committee (RCW 43.17.070) - The State Capitol Committee oversees the Capitol Campus Master Plan and other issues affecting the Capitol Campus; approves the construction of all state buildings in Thurston County; and approves acquisition of real estate for state government in Thurston County. Committee members include the Governor or Governor's designee, the Lieutenant Governor, the Secretary of State, and the Commissioner of Public Lands.

Capitol Campus Design Advisory Committee (RCW 43.34.080) - This Committee is advisory to the State Capitol Committee and the director of the Department of Enterprise Services. Its responsibilities include: reviewing programs, planning, design, and landscaping of State Capitol facilities and grounds and making recommendations that will contribute to their architectural, aesthetic, functional, and environmental excellence.

Capitol Furnishings Preservation Committee (RCW 27.48.040) - The 19-member committee promotes and encourages the recovery and preservation of the original and historic furnishing of the State Capitol group; prevents future loss of historic furnishings; and reviews and advises on future remodeling and restoration projects as they pertain to historic furnishings.

Community Economic Revitalization Board (CERB) (RCW 43.160) - The 20-member board represents private and public sectors statewide. The Board sets policy and selects projects that will receive the investment of CERB funds.

Capital Projects Advisory Review Board (CPARB) (RCW 39.10) - The 2005 Legislature created CPARB to review alternative public works contracting procedures and provide guidance to state policy makers on ways to enhance the quality, efficiency, and accountability of public works contracting methods.

Washington Economic Development Finance Authority (WEDFA) (RCW 42.163) - WEDFA is an independent agency with a 15-member board created by the Legislature to issue bonds for qualifying projects, including manufacturing and processing facilities and projects categorized as exempt facilities under federal tax law. These may include wastewater, solid waste disposal, mass commuting, and some types of recycling and cogeneration projects, but do not include retail projects.

Washington Economic Development Commission (RCW 43.162) - Created in 2002 and restructured in 2007, the Economic Development Commission is charged with the creation of a comprehensive statewide economic development strategic plan to guide the operation of the state's economic development, infrastructure, workforce training, small business assistance, technology transfer, and export assistance programs.

State Finance Committee (RCW 43.33.010) - The State Finance Committee is responsible for the authorization and issuance of all state debt. Committee members include the State Treasurer, the Lieutenant Governor, and the Governor.

Housing Finance Commission (RCW 43.180.040) - The Housing Finance Commission, with a 13-member board, develops and administers financing programs that encourage and make possible the production of affordable rental housing throughout the state and provide home ownership opportunities. Additionally, Commission programs assist nonprofit organizations in the creation of facilities that address a broad spectrum of needs.

Public Works Board (RCW 43.155.030) - The 13-member board is authorized, with legislative approval, to make low-interest loans from the Public Works Assistance Account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities.

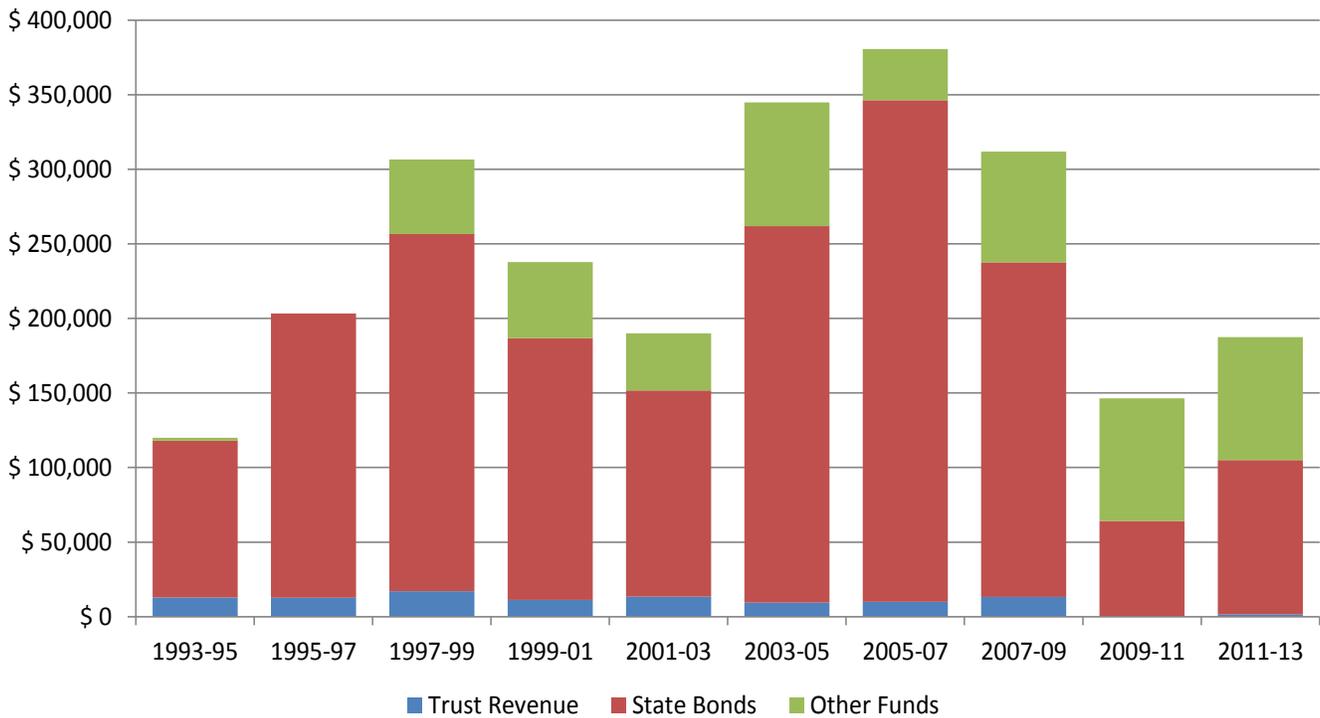
# Human Services



# Overview of Human Services

Most human services capital projects involve construction and repair of state institutions such as mental health hospitals, prisons, juvenile rehabilitation facilities, veterans’ homes, and facilities for developmentally disabled persons. Human Service agencies include the Criminal Justice Training Commission, and the departments of Social and Health Services, Corrections, Veterans Affairs, and Health.

**Human Services  
Capital Budget Appropriations by Fund Source**

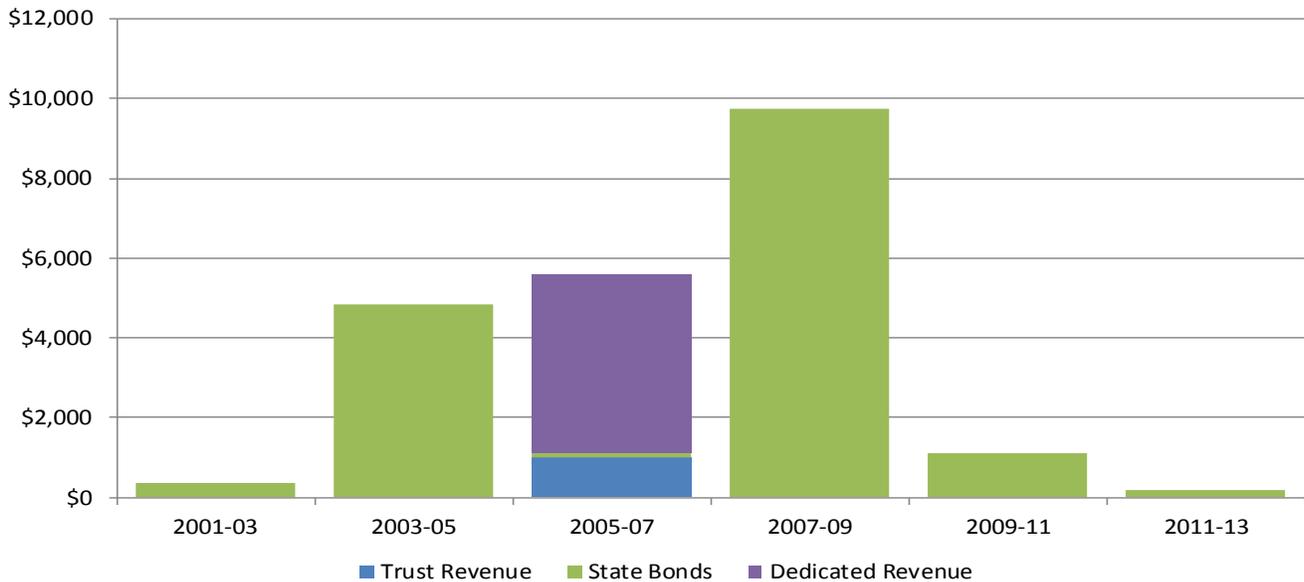


Source: Legislative Evaluation and Accountability Program Committee

# Criminal Justice Training Commission

The Washington State Criminal Justice Training Commission (WSCJTC) provides training for law enforcement, corrections and other public safety professionals in Washington State. The WSCJTC has facilities located in Burien and Spokane. The Burien facility includes an indoor firing range.

**Criminal Justice Training Commission  
Capital Budget Appropriations History**  
(Dollars in Thousands)



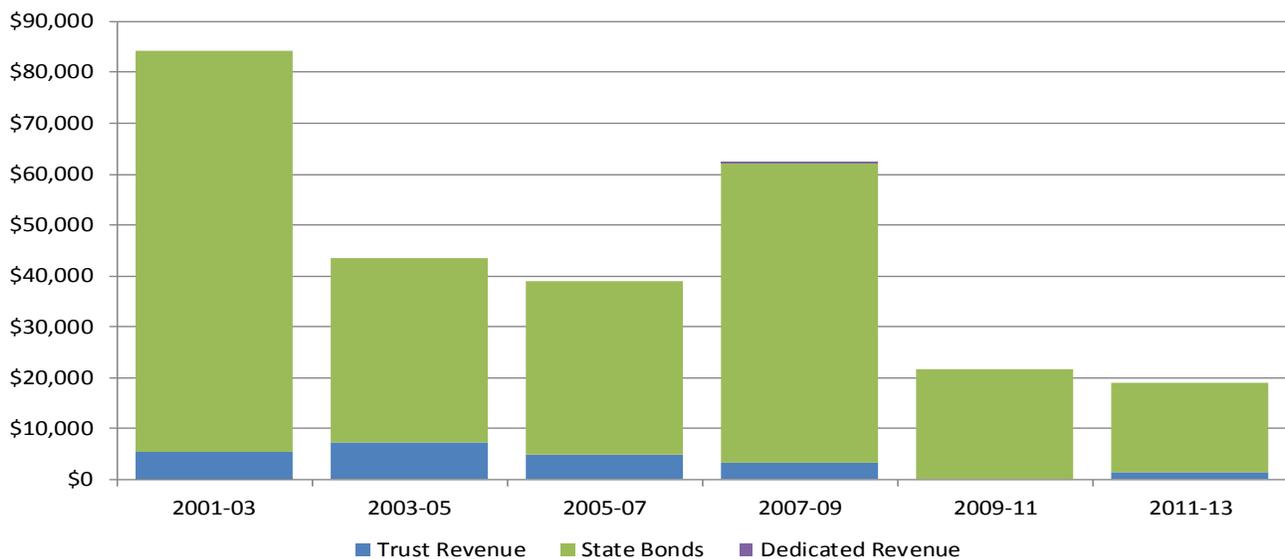
	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	0	0	1,000	0	0	0
State Bonds	350	4,850	100	9,759	1,100	200
Dedicated Revenue	0	0	4,500	0	0	0
<b>Total</b>	<b>\$350</b>	<b>\$4,850</b>	<b>\$5,600</b>	<b>\$9,759</b>	<b>\$1,100</b>	<b>\$200</b>

Source: Legislative Evaluation and Accountability Program Committee

# Department of Social and Health Services

The Department of Social and Health Services (DSHS) maintains and operates facilities that provide care and treatment for persons with mental illness, sex offenders, youth committed by the juvenile courts for criminal behavior, and persons with developmental disabilities that require intensive care.

**Department of Social and Health Services  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	5,385	7,275	4,950	3,213	0	1,514
State Bonds	78,855	36,248	34,077	58,990	21,684	17,396
Dedicated Revenue	0	0	0	87	0	0
<b>Total</b>	<b>\$84,240</b>	<b>\$43,523</b>	<b>\$39,027</b>	<b>\$62,290</b>	<b>\$21,684</b>	<b>\$18,910</b>

Source: Legislative Evaluation and Accountability Program Committee

## Mental Health Facilities

The DSHS Division of Mental Health operates three psychiatric centers including: the Child Study and Treatment Center; Eastern State Hospital; and Western State Hospital. Future challenges include: (1) reductions in state hospital and in community hospital bed capacity; (2) an ongoing requirement that state hospitals must serve those patients considered too acute or too dangerous for community-based services; and (3) preservation and renovation of aging facilities. The Mental Health Reform Act of 1989 requires that state hospitals serve the most complicated, long-term care patients. The care at the state facilities require a high staff to patient ratio, high square footage space needs, and increased space for on-site rehabilitation due to increasing acuity of the patients.

## Division of Developmental Disabilities

The Division of Developmental Disabilities (DDD) provides a broad range of services and support to over 30,000 eligible clients while maintaining four Residential Habilitation Centers (RHCs) that house approximately 893 individuals.

The RHCs are 24-hour facilities certified as either Intermediate Care Facilities for the Mentally Retarded (ICF/MR) offering habilitation services, intensive nursing, therapy services, and work-related assistance or Nursing Facilities (NF) providing an extensive array of services for persons requiring daily nursing care.

Reductions in the number of clients served in institutional settings will continue to affect the capital resource projects that the DSHS will propose for funding.

### DSHS Residential Habilitation Center Statistics

	Fircrest School	Rainier School	Lakeland Village	Yakima Valley School	Francis Haddon Morgan Center
Location	Shoreline	Buckley	Medical Lake	Yakima	Bremerton
Average Census for FY 2012	213	350	219	111	21
FY 2012 Funded Capacity	212	350	218	93	0
Peak Capacity Month in FY 2012	219	352	222	123	38
Average Annual Staff FTEs	532.3	781.9	535.4	228.0	36.3
Annual Cost per Resident	\$ 181,310.40	\$ 173,798.21	\$ 187,907.59	\$ 148,253.06	\$ 130,874.05

Source: Department of Social and Health Services

## Juvenile Rehabilitation Administration

The Juvenile Rehabilitation Administration (JRA) provides care, custody and treatment for juvenile offenders committed to the state by juvenile courts. JRA serves offenders ranging between 10 and 21 years of age. While the state owns and operates five community residential and treatment facilities, a small number of residential community-based programs are provided by private group care contractors in leased facilities.

### DSHS Juvenile Rehabilitation Administration Statistics

	Echo Glen	Green Hill	Naselle	Group Homes	Camp Outlook
Location	Snoqualmie	Chehalis	Naselle	Statewide	Connell
Average Census for FY 2012	159	211	86	97	13
Peak Capacity (Built Capacity)	176	192 *	100	128	16
Average Annual Staff FTEs	197	251	88	110	0
Annual Cost per Resident	\$101,058	\$92,560	\$88,407	\$79,333	\$124,104

\* (48) beds (cottages 1, 2 & 3) were vacated fall 2011 for renovation.

Source: Department of Social and Health Services

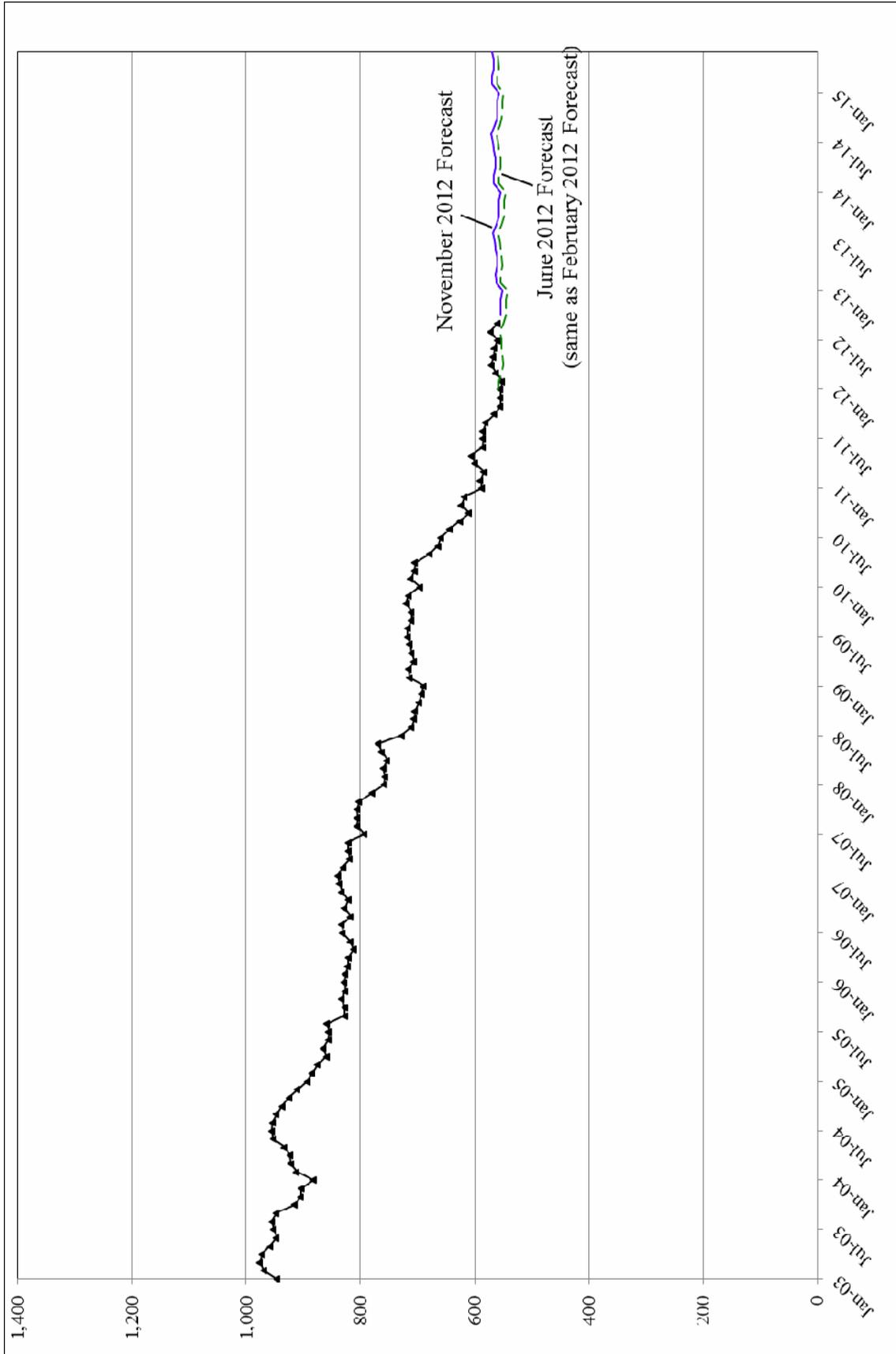
The JRA residential and treatment facilities include the following:

- Echo Glen Children’s Center, a medium/ maximum facility that serves younger males and older female offenders.
- Green Hill School, a medium/ maximum security fenced facility that provides older, male offenders academic education and prevocational training.
- Naselle Youth Camp, an unfenced facility that serves male and female offenders in a medium security setting.
- Camp Outlook, a boot camp style basic training camp.

The state-operated community residential and treatment programs are charged with mainstreaming youth at the end of commitment and also have become increasingly involved with specific treatment efforts such as the certified drug and alcohol programs offered at the Parke Creek Community Facility and the Canyon View Community Facility.

Nationally, juvenile justice populations peaked and juvenile crime has declined in recent years. However, juvenile justice populations with mental health and substance abuse or addiction problems are anticipated to continue to rise. State master plan findings mirror those national trends: a population declining in numbers but more highly complex in terms of behavioral and service needs, particularly mental health issues.

# Juvenile Rehabilitation Administration Forecast



Source: Caseload Forecast Council, November 2012

## **Special Commitment Center**

The DSHS operates the Special Commitment Center (SCC), a 339-bed secure treatment facility located on McNeil Island, for civilly-committed sexual offenders. The SCC provides a specialized mental health treatment program for civilly committed sex offenders who have completed their prison sentences. Only sex offenders whom the court finds to meet the legal definition of a sexually violent predator may be civilly committed to the SCC.

## **Secure Community Transition Facility**

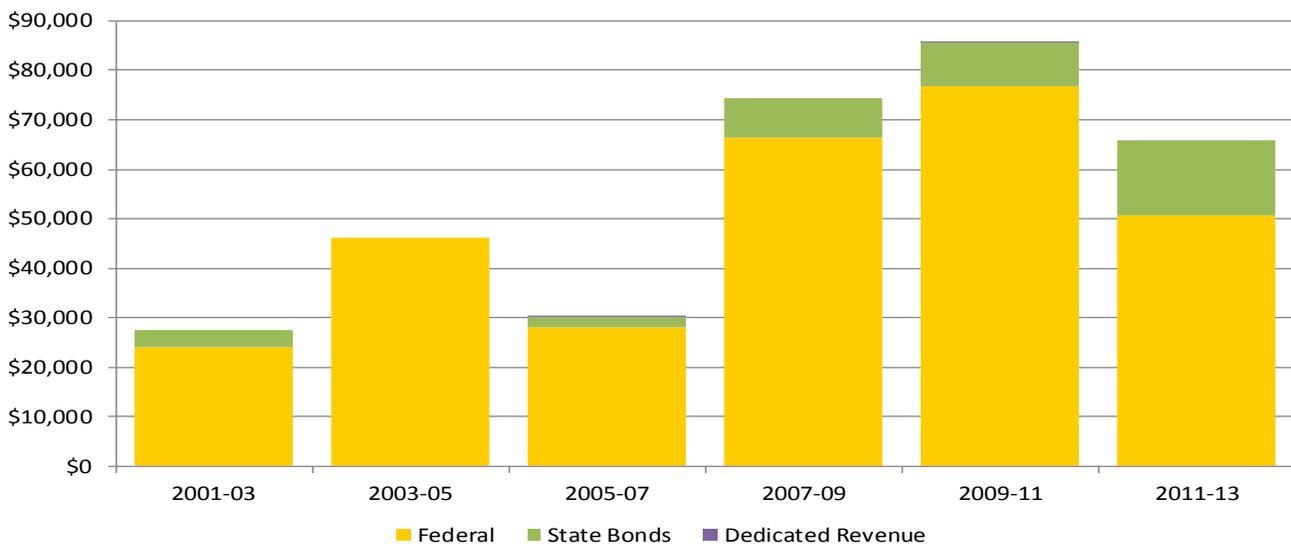
Under the U.S. Constitution, sex offenders who remain dangerous and who have served time cannot be detained unless they are receiving treatment. The DSHS, under the federal district court injunction, has developed less restrictive alternative housing known as Secure Community Transition Facilities (SCTF) on McNeil Island and in Seattle. Only SCC residents who have successfully completed the required levels of treatment in the institutional program, and who receive DSHS' recommendation and court approval, are eligible for placement in a SCTF. The SCC currently operates 24 beds at the Pierce County SCTF on McNeil Island and 6 beds at the King County SCTF in Seattle.

# Department of Health

The Department of Health was formed in 1989 to promote and protect public health, monitor health care costs, maintain standards for quality health care delivery, and plan activities related to the health of Washington citizens. The Department of Health operates the Washington State Public Health Lab located in Shoreline.

The DOH also administers the Drinking Water State Revolving Fund (DWSRF) in conjunction with the Department of Commerce/Public Works Board. The DWSRF is a federal/state financing partnership that provides low-interest loans to public water systems for capital improvements that increase public health protection and compliance with drinking water regulations. "Public water systems" includes both municipal and privately-owned water systems. Funding for the DWSRF comes from an annual federal capitalization grant, loan repayments and interest, and state matching funds from the Public Works Assistance Account.

**Department of Health  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Federal	24,000	46,222	28,122	66,474	76,810	50,700
State Bonds	3,420	0	2,125	7,800	8,762	15,217
Dedicated Revenue	0	0	100	0	100	0
<b>Total</b>	<b>\$27,420</b>	<b>\$46,222</b>	<b>\$30,347</b>	<b>\$74,274</b>	<b>\$85,672</b>	<b>\$65,917</b>

Source: Legislative Evaluation and Accountability Program Committee

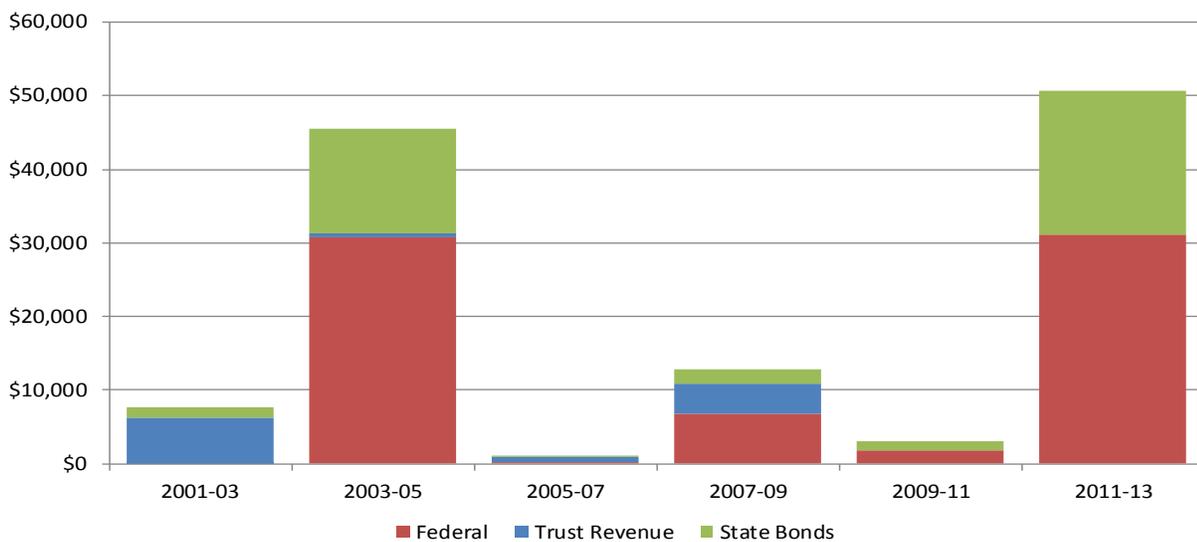
# Department of Veterans Affairs

The Washington State Department of Veterans Affairs (WDVA) supports three veteran homes:

1. Washington Soldiers Home and Colony (Orting) - 183 bed facility
2. Washington Veterans Home (Retsil) - 240 bed facility
3. Spokane Veterans Home - 100 bed facility

WDVA provides long-term health care for honorably discharged veterans, and possibly their spouses, who are disabled and indigent or likely to become indigent due to the cost of their health care.

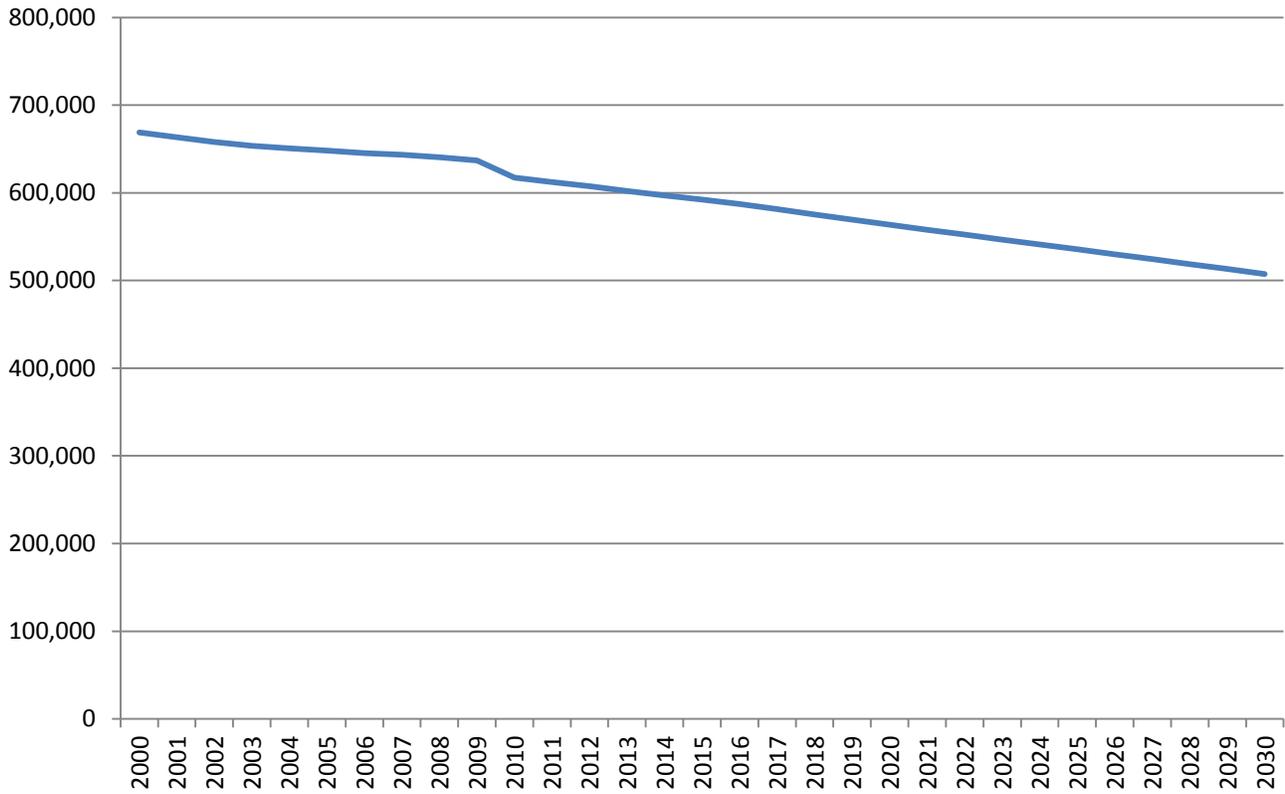
**Department of Veterans Affairs  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Federal	0	30,731	318	6,886	1,909	31,200
Trust Revenue	6,229	590	675	4,026	0	0
State Bonds	1,500	14,170	171	1,938	1,190	19,522
<b>Total</b>	<b>\$7,729</b>	<b>\$45,491</b>	<b>\$1,164</b>	<b>\$12,850</b>	<b>\$3,099</b>	<b>\$50,722</b>

Source: Legislative Evaluation and Accountability Program Committee

## Washington State Veterans Population Forecast

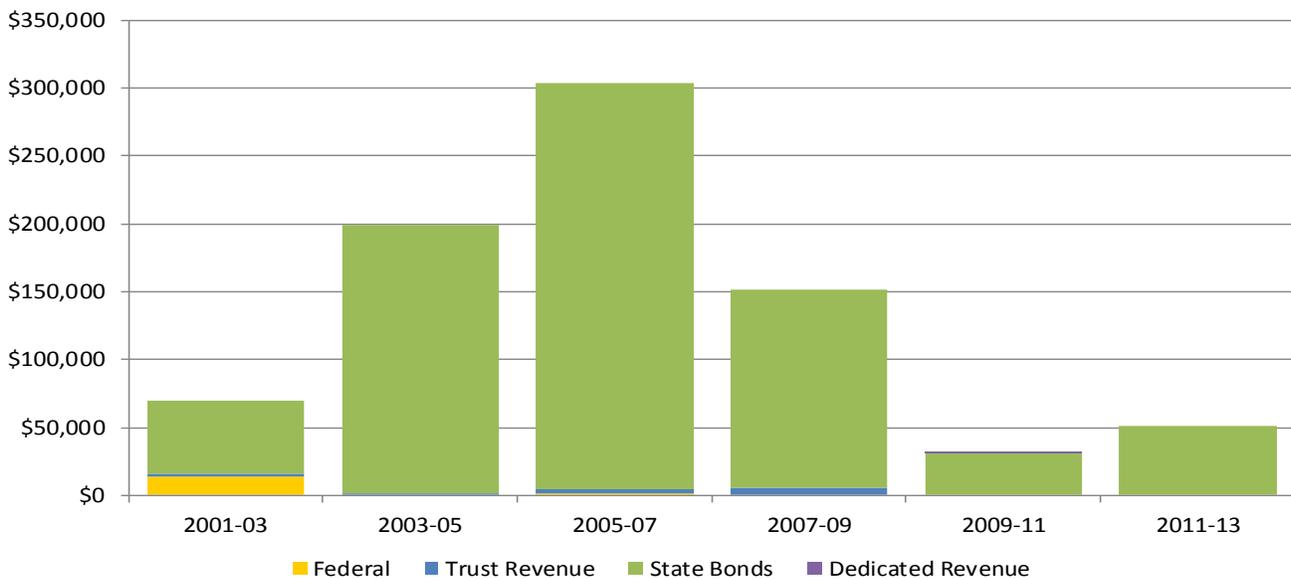


Source: Legislative Evaluation and Accountability Program Committee

# Department of Corrections

The Legislature created the Department of Corrections (DOC) in 1981. Prior to 1981, the DOC was part of the DSHS. The DOC manages adult convicted law violators in multi-custody facilities, minimum security facilities, pre-release facilities, and work release facilities.

**Department of Corrections  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	13,656	0	927	0	0	0
Trust Revenue	1,743	1,600	3,348	5,962	0	0
State Bonds	54,182	197,103	299,881	145,962	31,465	51,175
Dedicated Revenue	0	0	0	0	829	0
<b>Total</b>	<b>\$69,581</b>	<b>\$198,703</b>	<b>\$304,156</b>	<b>\$151,924</b>	<b>\$32,294</b>	<b>\$51,175</b>

Source: Legislative Evaluation and Accountability Program Committee

## Multi-Custody Facilities

Eight multi-custody facilities house maximum, close, medium and minimum custody offenders. A close custody facility houses inmates that require a high level of supervision and tight control of boundaries and programs. The DOC provides a variety of targeted intervention and treatment programs that are designed to change offender behavior to prevent them from reoffending. These facilities are:

<p><b>Airway Heights Corrections Center (AHCC), Spokane</b>          Minimum Custody          Medium Custody          Correctional Industries          Department of Natural Resources' Crews</p>	<p><b>Stafford Creek Corrections Center (SCCC), Aberdeen</b>          Medium Custody          Intensive Management Unit          Correctional Industries</p>
<p><b>Clallam Bay Corrections Center (CBCC), Forks</b>          Close Custody          Medium Custody          Intensive Management Unit          Correctional Industries          Youthful Offender Program</p>	<p><b>Washington Corrections Center (WCC), Shelton</b>          Reception          Medium Custody          Intensive Management Unit          Correctional Industries</p>
<p><b>Coyote Ridge Corrections Center (CRCC), Connell</b>          Minimum Custody          Medium Custody          Community Service Crews</p>	<p><b>Washington Corrections Center for Women (WCCW), Gig Harbor</b>          Minimum Custody          Medium Custody          Close Custody          Correctional Industries          Community Service Crews</p>
<p><b>Monroe Correctional Complex (MCC)</b>          - Twin Rivers Unit (TRU)          - Special Offender Unit (SOU)          - Washington State Reformatory Unit (WSR)          Close Custody          Medium Custody          Minimum Custody          Sex Offender Treatment Program          Correctional Industries</p>	<p><b>Washington State Penitentiary (WSP), Walla Walla</b>          Minimum Custody          Medium Custody          Close Custody          Intensive Management Unit          Death Row          Correctional Industries</p>

## Minimum Security Facilities

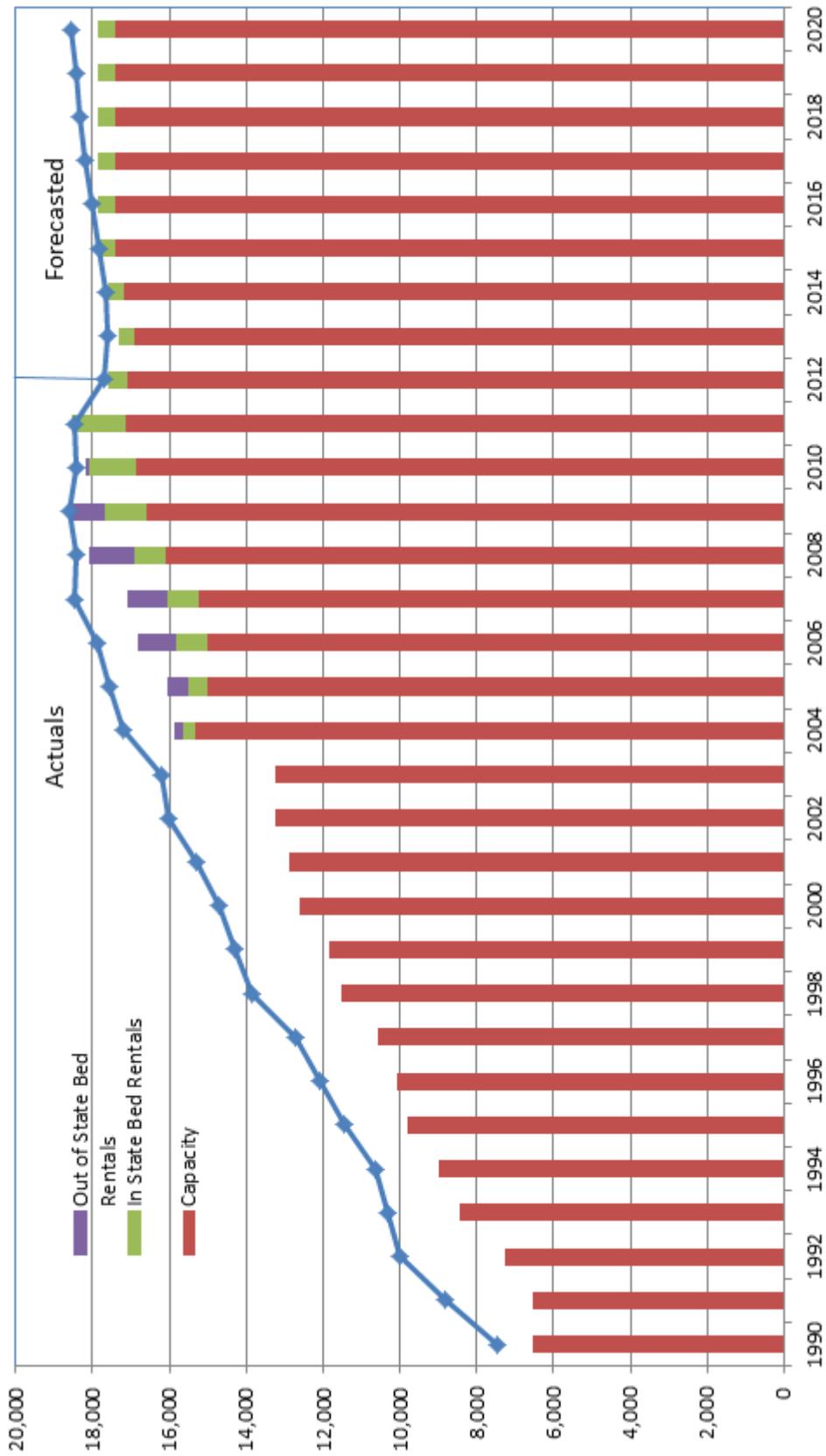
There are four minimum security facilities, including three forestry camps and a minimum custody facility for women.

<p><b>Cedar Creek Corrections Center (CCCC) and Mission Creek, Thurston County</b> Minimum Custody Department of Natural Resources' Crews</p>	<p><b>Larch Corrections Center (LCC), Yacolt</b> Minimum Custody Department of Natural Resources' Crews</p>
<p><b>Mission Creek Corrections Center for Women, Belfair</b> Minimum Custody</p>	<p><b>Olympic Corrections Center (OCC), Jefferson County</b> Minimum Custody Department of Natural Resources' Crews</p>

## Work Release Facilities

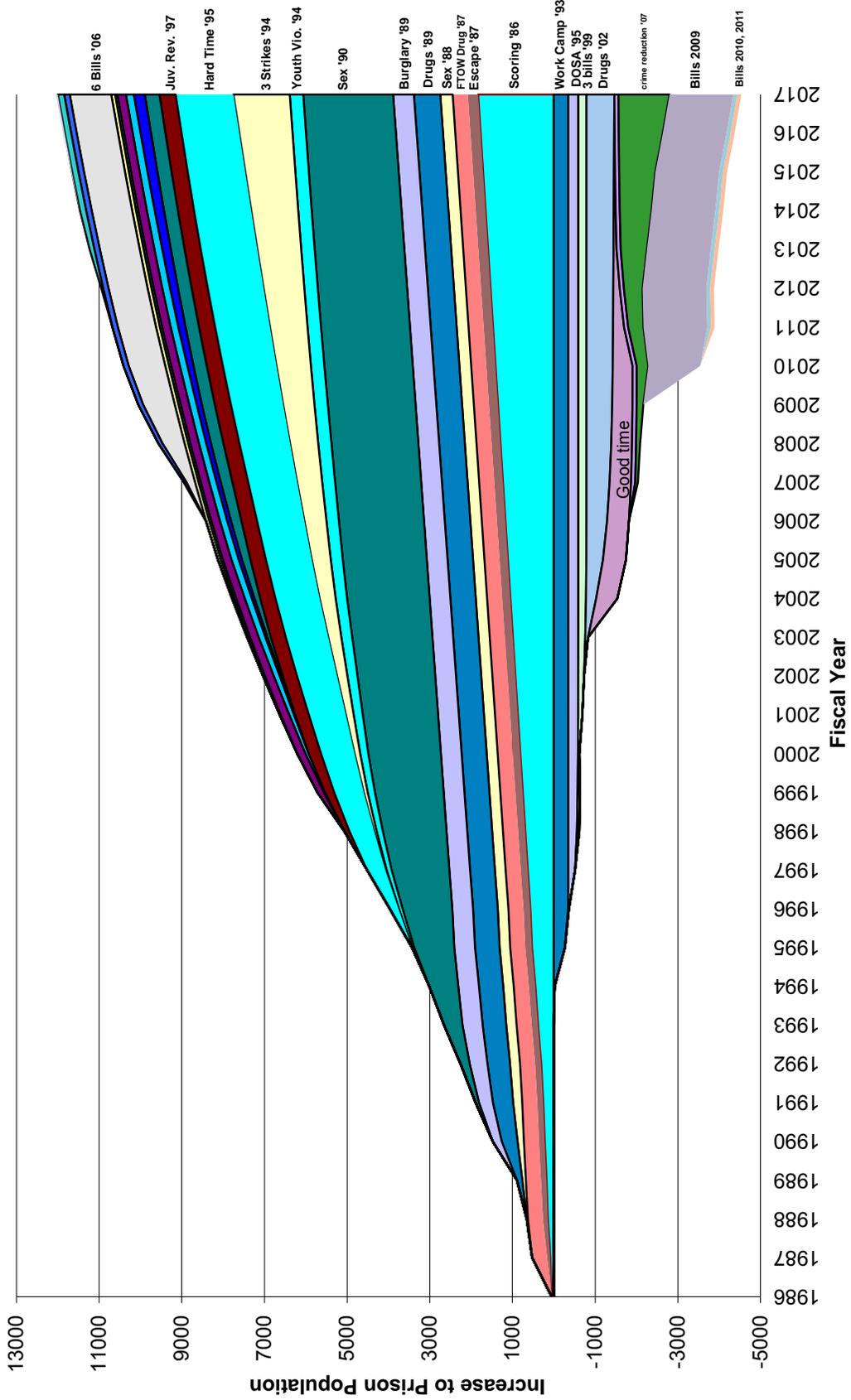
The DOC operates 15 work release facilities that provide offenders the opportunity to assimilate back into the community with employment and an approved residence.

## Department of Correction Inmate Population Forecast



Source: Department of Corrections

# Cumulative Effects of Criminal Justice Legislation in Washington State 1986 - 2012 Sessions





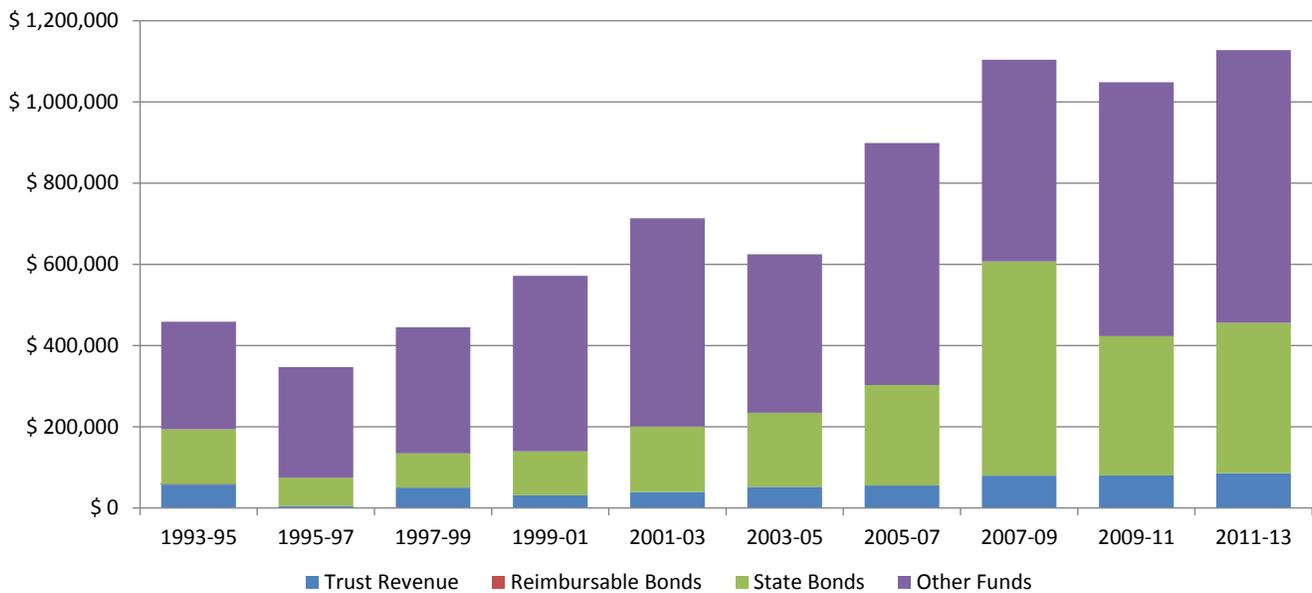
# Natural Resources



# Overview of Natural Resources

The Natural Resources functional area of the capital budget includes those agencies responsible for supporting: environmental quality, conservation, and outdoor recreational opportunities; and for managing: state lands and waters for resource production and habitat protection. Examples of activities funded in the Natural Resources functional area include forest road repairs, sewage treatment plant financing, recreational trail construction, state hatchery rehabilitation, habitat conservation and restoration, farmland preservation, and salmon recovery efforts.

**Natural Resources  
Capital Budget Appropriations by Fund Source**

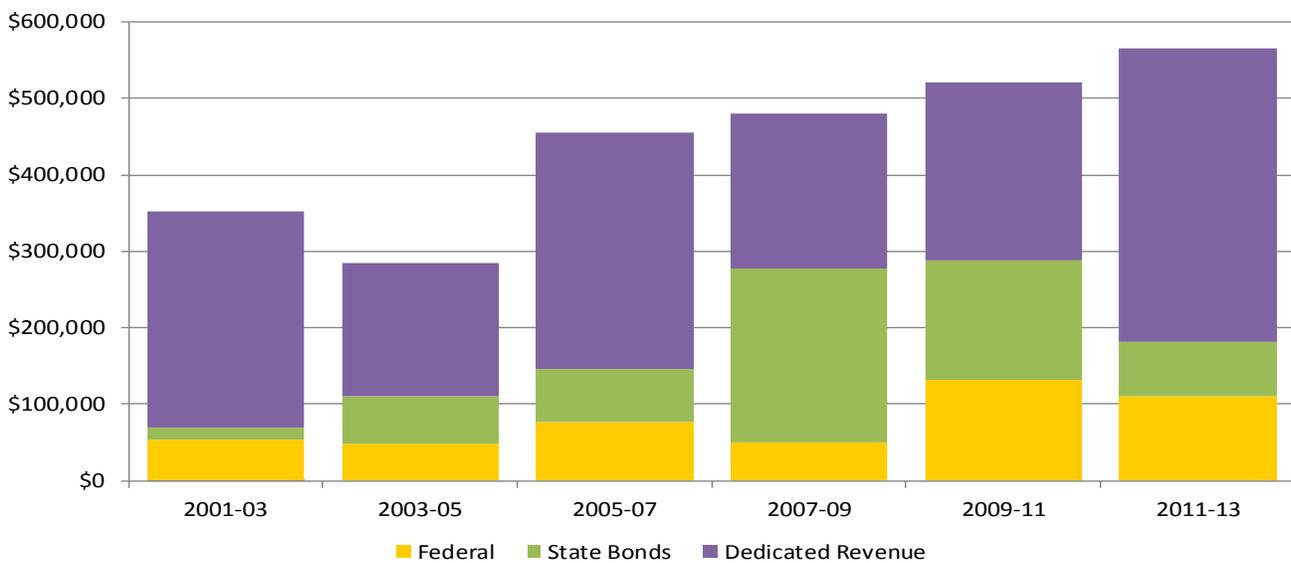


Source: Legislative Evaluation and Accountability Program Committee

# Department of Ecology

Established in 1970, the Department of Ecology (DOE) mission is to protect, preserve and enhance Washington’s environment and promote the wise management of air, land and water for the benefit of current and future generations. DOE receives a significant amount of state and federal capital funding targeted to improving water and air quality; reducing and managing the generation of hazardous waste; cleaning up sites historically contaminated with toxics; managing water supplies for the benefit of fish, farms and communities; modernizing landfills and supporting recycling.

**Department of Ecology  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	53,163	48,529	76,777	50,495	131,548	110,025
State Bonds	16,073	61,755	69,443	226,693	156,469	72,125
Dedicated Revenue	282,636	174,959	309,339	203,023	233,620	382,570
<b>Total</b>	<b>\$351,872</b>	<b>\$285,243</b>	<b>\$455,559</b>	<b>\$480,211</b>	<b>\$521,637</b>	<b>\$564,720</b>

Source: Legislative Evaluation and Accountability Program Committee

## Major Capital Programs Administered by the Department of Ecology

### Water Quality

To assist local governments and federally-recognized Indian tribes in improving and protecting water quality, the DOE integrates three sources of funding: the federal Water Pollution Control Revolving Loan Fund, the state's Centennial Clean Water Grant program, and the federal Section 319 Nonpoint-Source Grant program. The first two sources are appropriated in the capital budget and the third source is appropriated in the operating budget. The DOE conducts an annual competitive round, evaluates and ranks applications, and produces a draft list of projects which is finalized once the Legislature determines the three appropriation levels. Communities often combine these funding sources with the PWAA, Community Development Block Grant, or USDA Rural Development programs in order to fully fund large-scale projects.

Known also as the State Revolving Fund (SRF), the **Water Pollution Control Revolving Loan Fund** was established under the federal Clean Water Act to provide cities, counties, special purpose districts, tribes and conservation districts with low-interest loans for high priority water quality projects. Loans can be used to plan, design, acquire, construct and improve rate-based water pollution control facilities such as wastewater or storm water treatment facilities. The SRF is funded through annual capitalization grants from the Environmental Protection Agency, 20% state match through the PWAA, principal and interest payments, and interest earnings on State Treasurer investments.

Initiated in 1986 (RCW 70.146), the **Centennial Clean Water Program** funds local governments and tribes for wastewater treatment, nonpoint source pollution control, watershed and estuary management projects that achieve specific environmental and public health benefits. The program had historically received funding from the Water Quality Account, but since 2009 when revenues from that Account were transferred to the state general fund, the program has been funded through state debt limit bonds and the state or local toxics control accounts.

## Water Supply

**The Columbia River Basin Water Management Program** developed from RCW 90.90 (2006), which directs the DOE to "aggressively pursue" the development of new water supplies, through storage and conservation, to meet the economic and community development needs of people and the in-stream flow needs of fish in the Columbia River Basin. The law and program focus on: alternatives to groundwater for agricultural users in the Odessa subarea aquifer; sources of water supply for pending water right applications; a new uninterrupted supply of water for the holders of interruptible water rights on the Columbia river main stem; new municipal, domestic, industrial, and irrigation water needs within the Basin; and to place one third of new supplies in streams to meet the flow needs of fish. Also in 2006, the Legislature authorized the issuance of \$200 million in state bonds to implement the program. Each succeeding biennium, the Legislature has appropriated a portion of the bond proceeds for specific projects that further the statutory goals. Some of the projects developed to date have included: Lake Roosevelt Incremental Storage Releases, Barker Ranch Canal Piping, Red Mountain Agriculture Viticulture Area Pump Project, Boise Aquifer Storage and Recovery, and Odessa Subarea Projects.

## Toxics Clean Up

Initiative 97 was approved by voters in 1988 and codified as RCW 70.105D, the Model Toxics Control Act. Its main purpose was "to raise sufficient funds to clean up all hazardous waste sites and to prevent the creation of future hazards due to improper disposal of toxic wastes into the state's land and waters." The Act imposed a "pollution tax" on the privilege of possession of certain hazardous substances, and created the Local Toxics Control Account (LTCA) into which 53% of the tax revenues would be deposited and the State Toxics Control Account (STCA) into which 47% of the tax revenues would be deposited.

The Legislature appropriates funds from each of those accounts for several capital programs managed by the DOE: Remedial Action Grants, Coordinated Prevention Grants, Clean Up Toxics - Puget Sound, Eastern Washington Clean Sites Initiative, and Reducing Toxic Diesel and Wood Stove Emissions.

**Remedial Action Grants (RAG)** are the primary state financial tool for helping eligible local governments clean up contaminated sites. The local government must be a potentially liable party or the owner of a hazardous waste site where cleanup actions are conducted under an order or decree issued by the DOE. Cleaning up contaminated property is often integrated

with economic development, habitat restoration, and public recreation projects. The DOE submits a RAG project list, prioritized "worst first", for legislative approval in the capital budget. The state grants cover between 50-75% of individual project costs.

**Coordinated Prevention Grants (CPG)** fund local governments' ongoing solid waste reduction and recycling programs, household hazardous waste collection, outreach activities, and regulatory oversight of solid waste facilities. The grants support local government staffing costs as well as large equipment purchases and contracting out for hazardous waste collection and disposal services. There are about 700 solid waste handling facilities in the state regulated by local health authorities, including landfills, lagoons, transfer stations, moderate risk waste collection facilities, compost and recycling facilities. CPGs are typically funded from the LTCA.

Under the **Clean Up Toxics – Puget Sound program**, the DOE funds the clean-up of contaminated sites within one-half mile of Puget Sound that are either abandoned or where the potentially liable party (land user, facility operator or property owner) is unwilling or unable to pay costs associated with the cleanup activities. Funds also are used to advance emergent clean up needs, for example, of sites adjacent to critical and sensitive habitats. The DOE has identified 238 contaminated sites within one-half mile of Puget Sound that await clean up. An additional 600 sites are currently being cleaned up. Clean up work is handled by direct state action, through contributions from potentially liable parties, and under interagency agreements with local governments, resource agencies, and tribes. Work to date in seven priority bays has highlighted a link between toxic site cleanup and habitat restoration opportunities.

Beginning with the 2011-13 biennium, the DOE has funded and managed similar remediation activities on orphaned or abandoned **contaminated sites in Central/Eastern Washington**. Contamination includes heavy metals, leaking underground storage tanks, and impacts of mining operations. Projects include site investigations to confirm soil and groundwater contamination, development of action plans, removal of the contamination source, and groundwater monitoring. The STCA is used to fund Puget Sound and Central/Eastern Washington clean-up activities.

Reducing air quality-related public health risks and preventing imposition of federal sanctions drive the **Diesel and Wood Stove Emissions Reduction programs**. The DOE uses appropriations from the STCA to award competitive grants to local entities to reduce diesel emissions in high-risk diesel pollution areas, and to reduce use of old, high-polluting wood

stoves in communities impacted by wood smoke. As examples, funds are used to install retrofit emissions controls on diesel-fueled cargo-handling equipment, construction equipment, emergency response vehicles, school and transit buses, and to replace older, high-polluting wood stoves with clean heating alternatives.

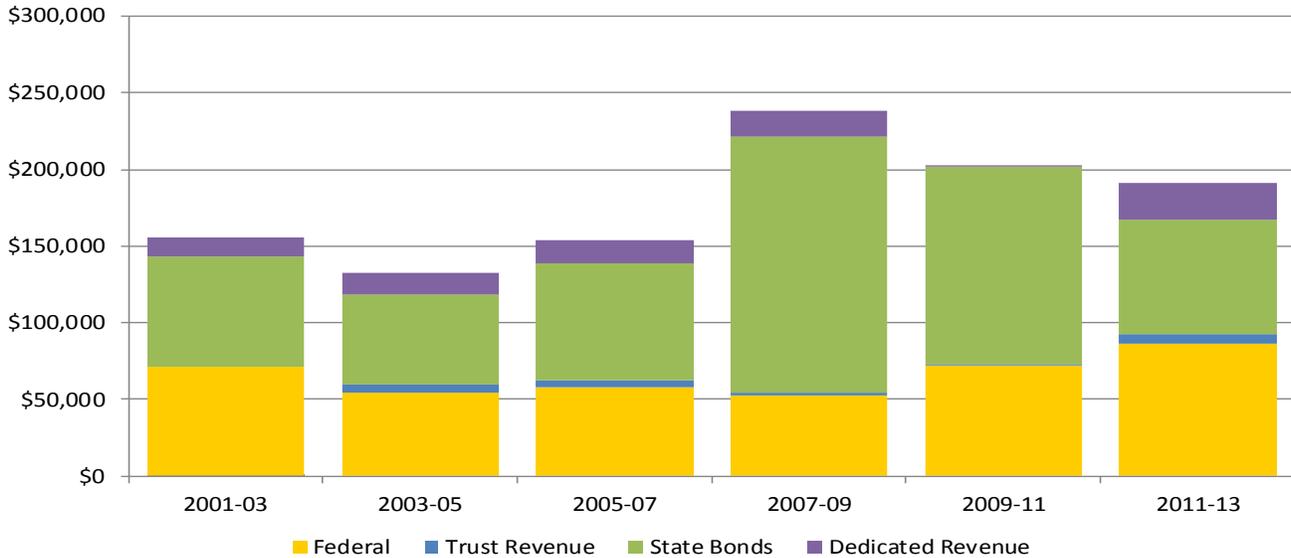
## Recreation and Conservation Office

---

The Recreation and Conservation Office (RCO) manages grant programs that create outdoor recreation opportunities, protect wildlife habitat, preserve farmland, restore and develop state lands, and assist salmon recovery. The RCO supports the Recreation and Conservation Funding Board, the Salmon Recovery Funding Board, the Invasive Species Council, the Governor's Salmon Recovery Office, and the Habitat and Recreation Lands Coordinating Group.

According to the RCO, it has awarded over \$1.7 billion in grants to 7,500 projects since its founding in 1964. Fund sources backing the grants awarded by the RCO include dedicated state fees and taxes, debt limit bonds, and federal funds. Grant programs include the Washington Wildlife Recreation Program (WWRP), Boating Facilities, Aquatic Lands Enhancement Account (ALEA), Firearms and Archery Range Recreation (FARR), Non-Highway and Off-Road Vehicle Activities (NOVA), General Salmon Recovery grants, and the Puget Sound Acquisition and Restoration (PSAR) Grants.

## Recreation and Conservation Office Capital Budget Appropriations History (Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	71,675	54,370	57,717	52,700	72,000	86,100
Trust Revenue	0	5,356	5,025	1,699	1,000	6,806
State Bonds	71,351	58,530	75,650	166,568	128,470	74,000
Dedicated Revenue	12,862	14,683	15,572	17,529	495	23,927
<b>Total</b>	<b>\$155,888</b>	<b>\$132,940</b>	<b>\$153,964</b>	<b>\$238,496</b>	<b>\$201,965</b>	<b>\$190,833</b>

Source: Legislative Evaluation and Accountability Program Committee

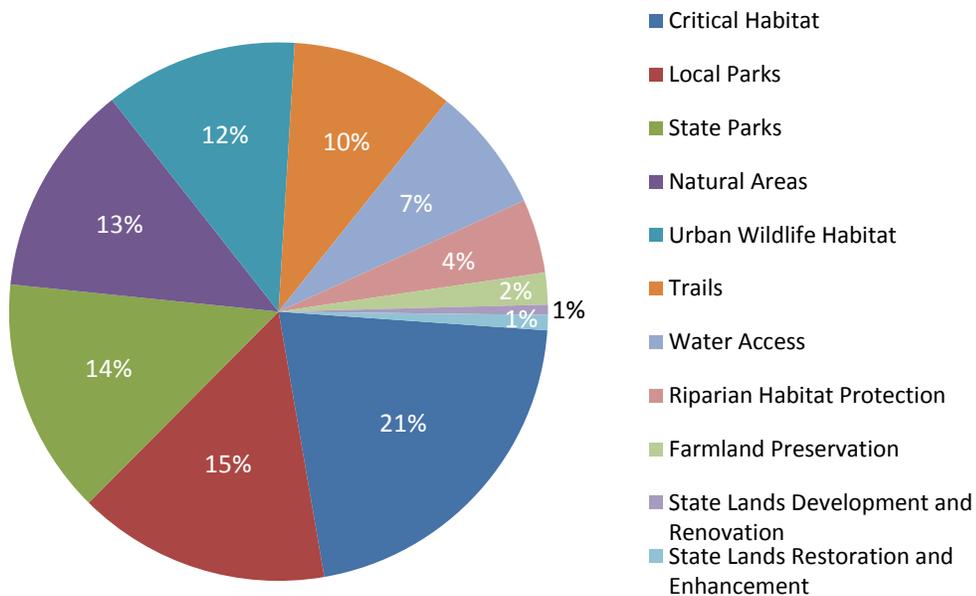
## Major Capital Programs Administered by the RCO

### Washington Wildlife and Recreation Program (WWRP)

The goals of the WWRP, as expressed in RCW 79.15A, are: "to acquire as soon as possible the most significant lands for wildlife conservation and outdoor recreation purposes before they are converted to other uses, and to develop existing public recreational land and facilities to meet the needs of present and future generations."

The RCO manages a biennial WWRP competitive grant process open to local governments, special purpose districts, salmon recovery lead entities, state agencies, tribes and nonprofit organizations. Grant recipients, except state agencies, must provide at least 50% matching resources. Applications are reviewed by RCO staff, and evaluated and ranked by citizen evaluation committees made up of recreation and conservation experts. The ranked lists are considered by the RCO Funding Board, which then submits prioritized project lists to the Governor and Legislature for approval. In the past 5 biennia, the legislative appropriation for the WWRP has ranged from \$45 million to \$100 million.

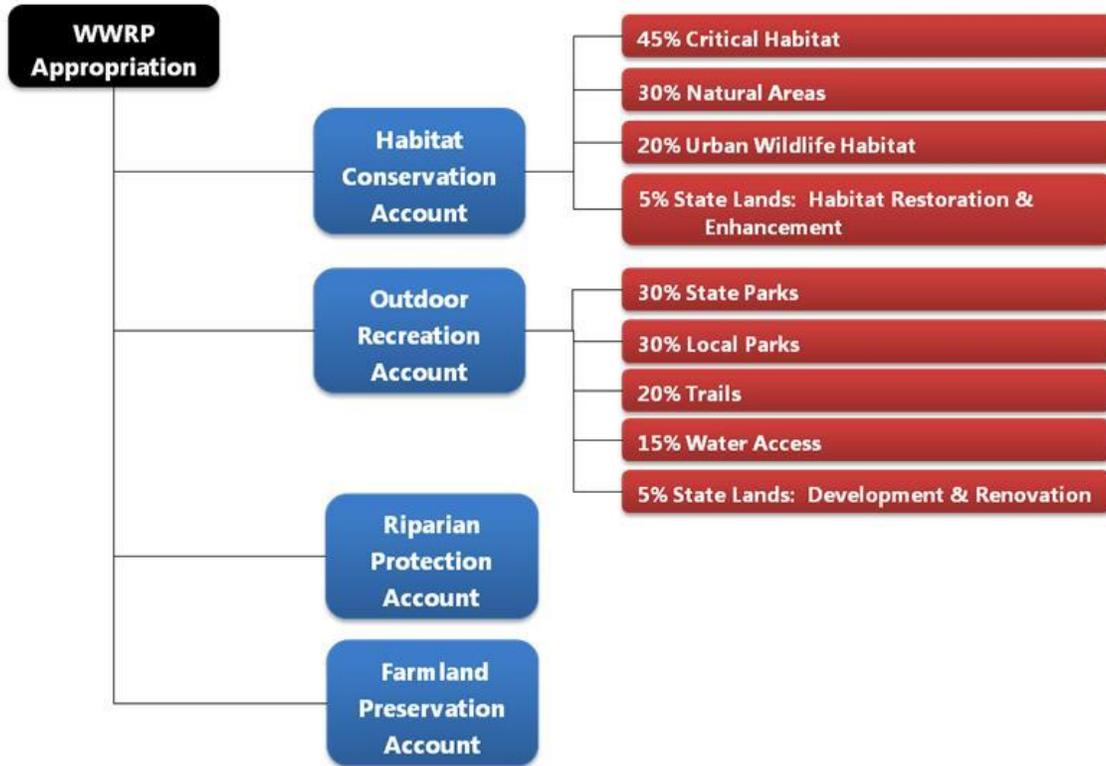
**Washington Wildlife and Recreation Program**  
Grants Funded 1990-2012  
Percent of \$651 million



Funding for WWRP grants comes from the sale of general obligation bonds and is allocated to each of four accounts based upon the following statutory distribution:

<b>ALLOCATION OF ACCOUNT</b>			
<b>ACCOUNT</b>	<b>WWRP APPROPRIATION</b>		
	<b>Under \$40 million</b>	<b>\$40 - \$50 million</b>	<b>Over \$50 million</b>
Habitat Conservation Account	50%	\$20 million plus 10% of amount over \$40 million	\$21 million plus 30% of amount over \$50 million
Outdoor Recreation Account	50%	\$20 million plus 10% of amount over \$40 million	\$21 million plus 30% of amount over \$50 million
Riparian Protection Account	0%	40% of amount over \$40 million	\$4 million plus 30% of amount over \$50 million
Farmland Preservation Account	0%	40% of amount over \$40 million	\$4 million plus 10% of amount over \$50 million

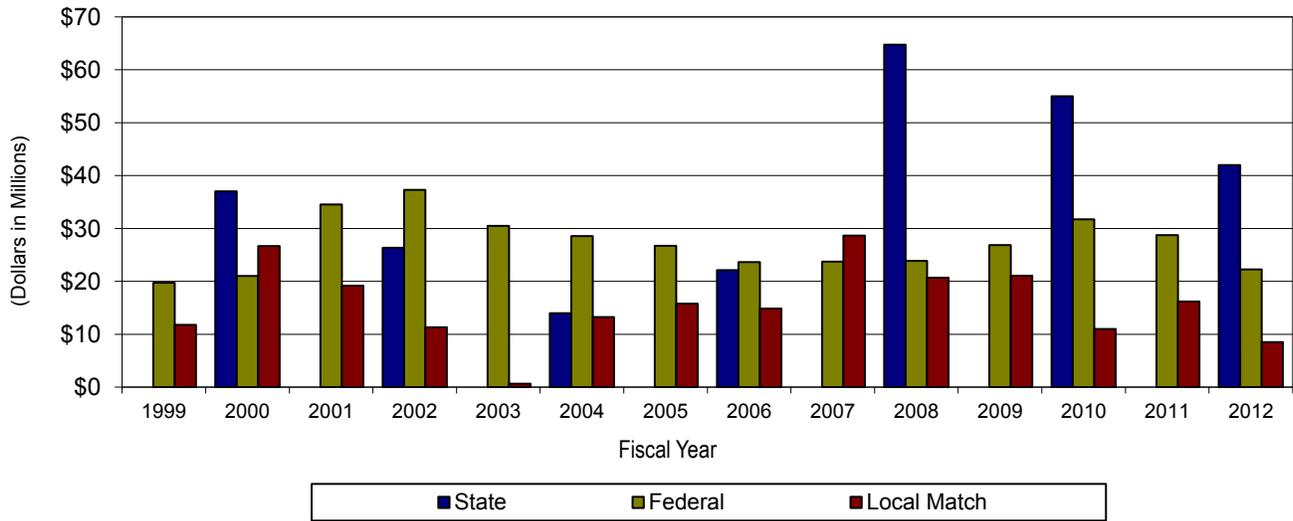
The statute further directs the appropriation into allocation percentages for 11 project categories:



**Salmon Recovery Funding**

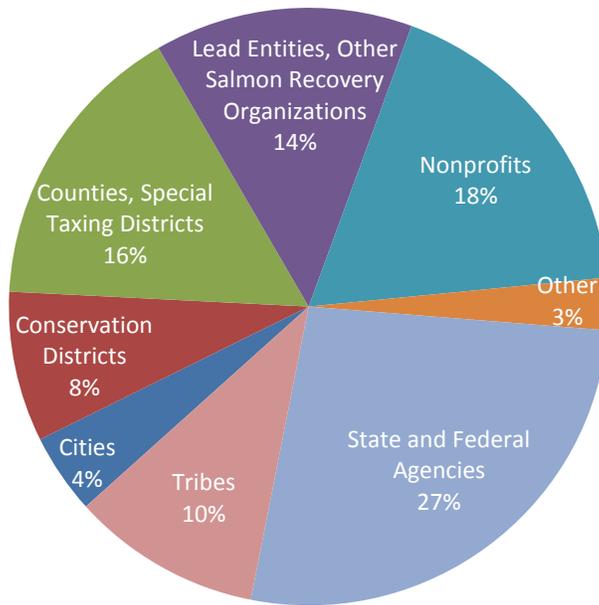
The Salmon Recovery Funding Programs provide grants for projects that protect or restore salmon habitat, and for monitoring, feasibility assessment, and related activities. Funding is from the federal Pacific Coastal Salmon Recovery Fund and from the sale of state general obligation bonds that provide the required 33% state match. About 45% of the funding is allocated to projects in Puget Sound and 45% to projects in the Columbia and the Snake Rivers. Local and tribal governments, nonprofit organizations, state agencies, conservation districts, private landowners (in limited cases), and regional fisheries enhancement groups are eligible for grants and must provide at least 15% in matching cash or in-kind contributions.

## Salmon Recovery Funding 1999 - 2012

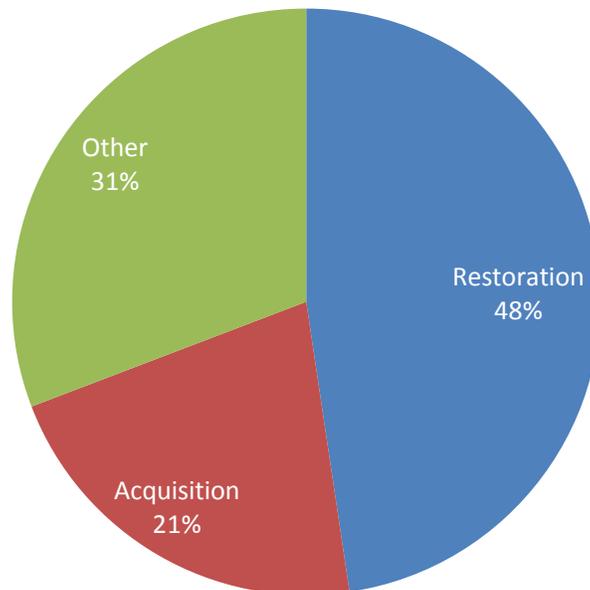


The following pie charts show that, since 1999, state and federal agencies have received about one quarter of the total salmon recovery grant funding and that nearly two-thirds of Salmon Recovery program funding has been allocated to restoration projects.

## Salmon Recovery Funding Recipients Percent of \$619 Million 1999-2012



## Salmon Recovery Projects Funded 1999-2012



## **Non-Highway and Off-Road Vehicle Activities (NOVA)**

The NOVA Program funds projects that develop and manage opportunities for recreational activities such as cross-country skiing, hiking, horseback riding, mountain biking, hunting, fishing, sightseeing, motorcycling and riding all-terrain and four-wheel drive vehicles. With the exception of off-road vehicle facilities, recreational activities supported by NOVA must be accessed via non-highway roads, which are public roads not built or maintained with gasoline tax funding. Examples of NOVA projects are: building, renovating, and re-routing of hiking and horseback trails; maintaining trails and associated campgrounds and trailheads; operating off-road vehicle parks; and other planning, capital improvements, acquisition, education and law enforcement purposes.

Grant funding is appropriated by the Legislature from the NOVA Account, which receives revenues from off-road vehicle use permits and 1% of the state gasoline tax revenues. At least 70% of the funding must be used for recreation facilities. The RCO manages a competitive grant process for allocating the funds. Eligible applicants include local governments, tribes, federal and state agencies, and a limited number of non-profit organizations. Applications are evaluated by a citizen committee made up of trail and off-road vehicle experts. The committee's ranked recommendations are submitted to the Recreation and Conservation Funding Board for final decisions.

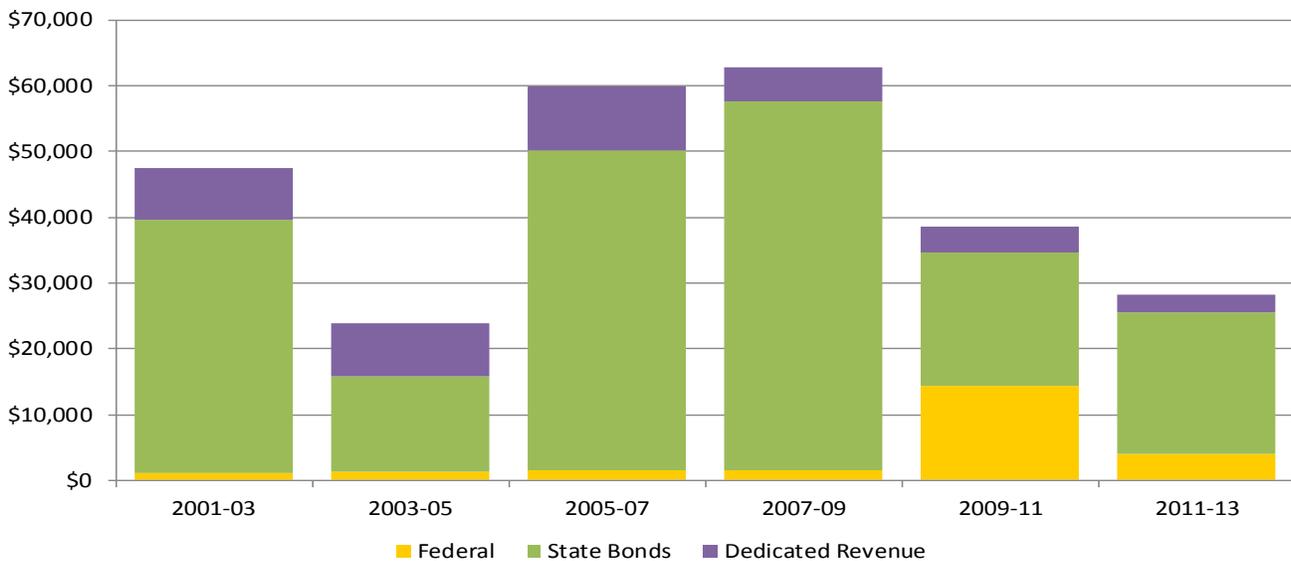
# State Parks and Recreation Commission

The Washington State Parks and Recreation Commission acquires, operates, enhances and protects a diverse system of recreational, cultural, historical and natural sites, which includes:

- 121 parks, approximately 7,700 traditional and 500 group campsites;
- 900 miles of long distance trails and hundreds of miles of in-park hiking trails;
- 140 boat launches and 21 marine parks;
- Manages 260,000 acres of lands and 60 miles of ocean beach;
- 17 historic areas; and
- 14 interpretive centers.

The Commission consists of a board of seven volunteer citizens that are appointed by the Governor and serve for staggered, six-year terms, setting public policy and guiding the agency.

**State Parks and Recreation Commission  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Federal	1,000	1,250	1,500	1,500	14,455	4,050
State Bonds	38,664	14,575	48,754	56,113	20,211	21,486
Dedicated Revenue	7,900	8,078	9,766	5,225	3,990	2,750
<b>Total</b>	<b>\$47,564</b>	<b>\$23,902</b>	<b>\$60,020</b>	<b>\$62,838</b>	<b>\$38,656</b>	<b>\$28,286</b>

Source: Legislative Evaluation and Accountability Program Committee

## State Conservation Commission

---

The State Conservation Commission (SCC), established in 1939, works with 45 conservation districts statewide to help landowners implement "incentive-based practices to protect Washington's natural resources while maintaining viable agricultural production." With respect to the Capital Budget, the SCC and Conservation Districts focus on:

- The Conservation Reserve Enhancement Program (CREP). CREP is a voluntary contractual program entered into by private landowners that provides federal and state funds to improve salmon habitat on agricultural lands. Livestock and agricultural activities are removed from the riparian area of salmon-bearing streams. Native trees and shrubs are planted and fences are installed. These buffers improve water quality by filtering farmland pollutants, keeping water temperatures cool and oxygen levels high, sheltering and feeding wildlife species, and decreasing erosion. Capital budget appropriations are used to pay the state's 10 percent share of the installations and the first five years of site maintenance.
- Livestock Nutrient Management and Other Water Quality Projects. Private landowners voluntarily work with conservation district staff and contract engineers to develop and implement best management plans and practices that reduce or resolve environmental problems. Examples of best management practices include lagoons, riparian plantings, composting, storm water control measures, fencing, waste storage facilities, fish screens, and manure transfer and utilization. Capital budget funds are used to reimburse the landowners for up to 50 percent of their costs once the installation is complete.

## State Conservation Commission Capital Budget Appropriations History (Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	0	0	0	0	0	1,000
State Bonds	1,618	9,681	3,797	3,379	3,000	9,277
Dedicated Revenue	10,590	2,940	7,340	4,500	400	150
<b>Total</b>	<b>\$12,208</b>	<b>\$12,621</b>	<b>\$11,137</b>	<b>\$7,879</b>	<b>\$3,400</b>	<b>\$10,427</b>

Source: Legislative Evaluation and Accountability Program Committee

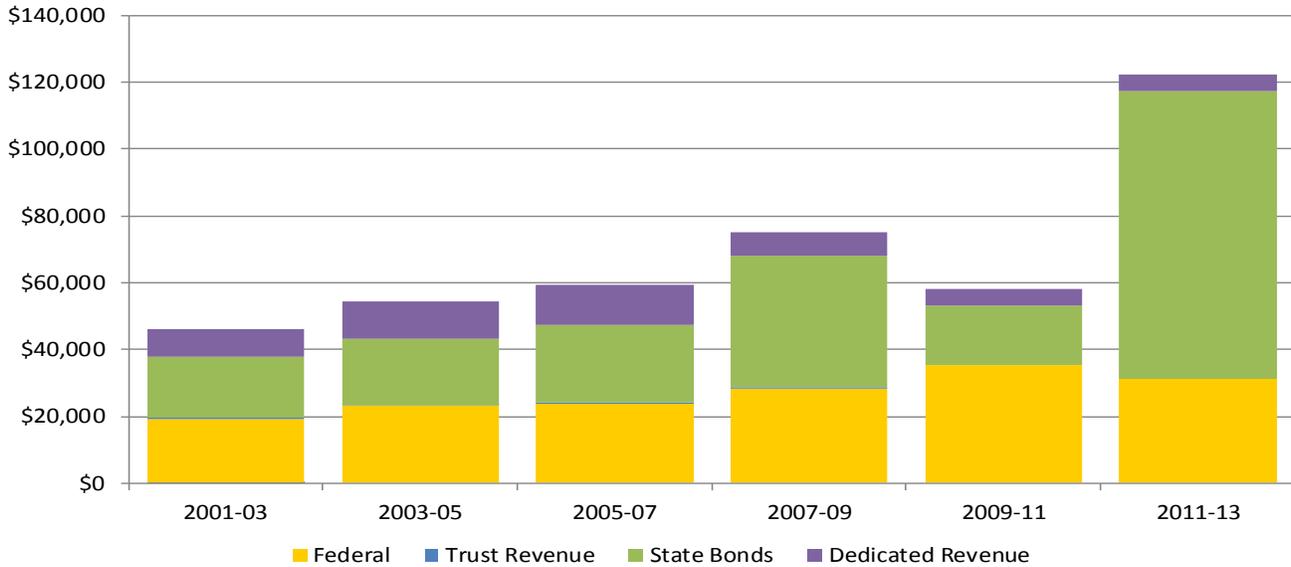
## Department of Fish and Wildlife

---

The Department of Fish and Wildlife (DFW) preserves, protects, and manages the state's fish and wildlife resources by promoting conservation practices and commercial and recreational opportunities that result in economic benefit to local communities. The DFW's capital budget typically focuses on:

- Renovating and constructing **hatchery facilities and infrastructure** such as intakes, adult handling facilities, bridges, pollution abatement ponds, gravity pipelines, and raceways;
- Correcting **fish passage barriers**, particularly culverts within the area of the *U.S. v Washington* court case;
- Developing or improving **access to recreational sites** such as boat launches, additional parking, and new restroom facilities;
- **Maintaining or closing abandoned roads**, and repairing DFW-owned **dams and dikes**;
- Removing **dilapidated structures** and constructing **new office space**; and
- Expenditure authority to use federal, private, local and special wildlife account monies for dedicated conservation efforts and construction projects that restore and protect fish and wildlife habitat.

## Department of Fish and Wildlife Capital Budget Appropriations History (Dollars in Thousands)



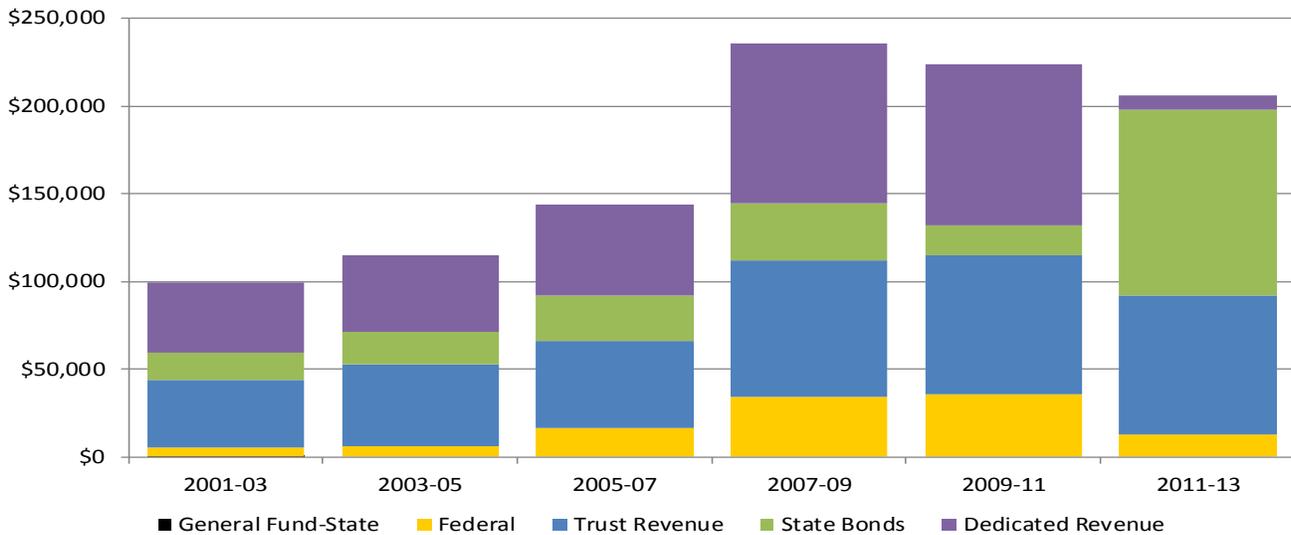
	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Federal	19,131	23,130	23,680	28,300	35,400	31,400
Trust Revenue	300	300	300	350	0	0
State Bonds	18,304	19,725	23,540	39,412	17,659	85,941
Dedicated Revenue	8,510	11,400	11,800	7,037	5,180	5,050
<b>Total</b>	<b>\$46,246</b>	<b>\$54,555</b>	<b>\$59,320</b>	<b>\$75,099</b>	<b>\$58,239</b>	<b>\$122,391</b>

Source: Legislative Evaluation and Accountability Program Committee

# Department of Natural Resources

The Department of Natural Resources (DNR) manages more than three million acres of state trust forest, agricultural, range, and commercial properties that earn income to fund schools, universities, capitol campus buildings, and other state institutions. Earnings also help fund local services in many counties. In addition, the DNR manages aquatic lands along the shoreline and beneath the waters of the state.

**Department of Natural Resources  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
General Fund-State	105	0	0	0	0	0
Federal	5,000	6,500	16,220	34,500	36,000	13,000
Trust Revenue	39,074	46,172	50,055	77,573	79,113	78,920
State Bonds	15,254	18,220	25,619	32,365	16,757	106,105
Dedicated Revenue	40,200	44,365	51,800	91,360	91,690	7,700
<b>Total</b>	<b>\$99,632</b>	<b>\$115,257</b>	<b>\$143,694</b>	<b>\$235,798</b>	<b>\$223,560</b>	<b>\$205,725</b>

Source: Legislative Evaluation and Accountability Program Committee

## **Major Capital Programs Administered by the Department of Natural Resources**

### **Trust Land Transfer Program**

The Trust Land Transfer program is a mechanism to transfer K-12 school trust lands with low income potential, but high recreational and environmental value, to other public agencies while reimbursing the Common School Trust for the value of the land and associated timber. Through the program, these trust lands are transferred into protected status and the school trust is compensated without actually harvesting the timber.

The Trust Land Transfer program operates in the following manner:

1. Each biennium, the DNR identifies a list of low income producing properties for consideration by the Board of Natural Resources and the Legislature as candidates for the Trust Land Transfer program.
2. If the list is authorized and funded in the capital budget bill, the trust lands are transferred to public agencies at appraised market value.
3. At transfer, the capital budget directs the timber (or lease) value to be deposited in the Common School Construction Account where it becomes available for school construction within the current biennium.
4. The land value is deposited into the Real Property Replacement Account for the purchase of replacement lands to be managed to provide current and future income for the Common School Trust.
5. The lands transferred out of trust status are managed for conservation, wildlife habitat, or recreational purposes.

The Trust Land Transfer program has been implemented through proviso language in the capital budget; the provisions of the program are not codified elsewhere in state law.

## **Forest Riparian Easement Program**

The Forestry Riparian Easement Program (FREP) purchases 50-year conservation easements along riparian areas from family forest landowners. The Legislature created FREP in 2001 to compensate family forest landowners for the disproportionate financial impacts of the Forest and Fish law and rules. FREP was designed to compensate family forest landowners for 50-89% of the value of trees in riparian areas which they are prohibited from harvesting by the Forest Practices Rules. Establishing 50-year forest riparian easements facilitates compliance with the Clean Water Act and aids in the restoration of Puget Sound. FREP also helps safeguard the state against claims of regulatory takings.

## **Family Forest Fish Passage Program**

The Family Forest Fish Passage Program (FFFPP) offers financial and technical assistance to small forest landowners to eliminate fish passage barriers on their forest roads. Fish barriers are often undersized culverts or other structures on forest road crossings over streams. The Forests & Fish rules enacted in 2001 require fish passage barriers to be corrected on all forest lands. This cost-share program funds 75% - 100% of the costs.

## **Relevant Organizations to the Functional Area**

---

Fish and Wildlife Commission (RCW 77.04.030) - The principal role of the nine-member Commission is to establish policy and direction for fish and wildlife species and their habitats in Washington and to monitor the Department's implementation of the goals, policies and objectives established by the Commission. The Commission also classifies wildlife and establishes the basic rules and regulations governing the time, place, manner, and methods used to harvest or enjoy fish and wildlife.

Hood Canal Coordinating Council (RCW 90.88.030) - The Hood Canal Coordinating Council is a watershed-based council of governments. Council members include Jefferson, Kitsap and Mason Counties; Port Gamble S'Klallam and Skokomish Tribes; and state and federal agencies. It was established in 1985 in response to community concerns about water quality problems and related natural resource issues in the watershed.

Board of Natural Resources (RCW 43.30.030) - The Board consists of six members: the Governor or designee; the Superintendent of Public Instruction; the Commissioner of Public Lands; the dean of the UW College of Forest Resources; the dean of the WSU College of Agriculture; and a representative of counties having state forest lands managed by the Department of Natural Resources. The Board establishes policies on land acquisition and disposition and acts as the board of appraisers as provided in Article XVI, section 2 of the State Constitution.

Recreation and Conservation Funding Board (RCW 79A.25.110) - The Board's mission is to create and implement a state-wide strategy for meeting the recreational needs of Washington's citizens and administer recreational grant programs. Membership on the committee consists of five citizen members, the Commissioner of Public Lands, the Director of the Department of Fish and Wildlife, and the Director of the State Parks and Recreation Commission.

State Parks and Recreation Commission (RCW 79A.05.015) - The Commission consists of seven members, and has powers to manage state parks, including the authority to acquire lands for parks and adopt rules to guide visitor conduct.

Salmon Recovery Funding Board (RCW 77.85.110) - The Board is responsible for making grants and loans for salmon habitat projects and activities. Membership on the board consists of five voting citizen members, the Commissioner of Public Lands, the director of the Department of Fish and Wildlife, the Director of the Department of Ecology, the Executive Director of the Conservation Commission, and the Secretary of Transportation.



# Higher Education



# Overview of Higher Education

---

Capital Budget appropriations for higher education generally fall into three policy categories:

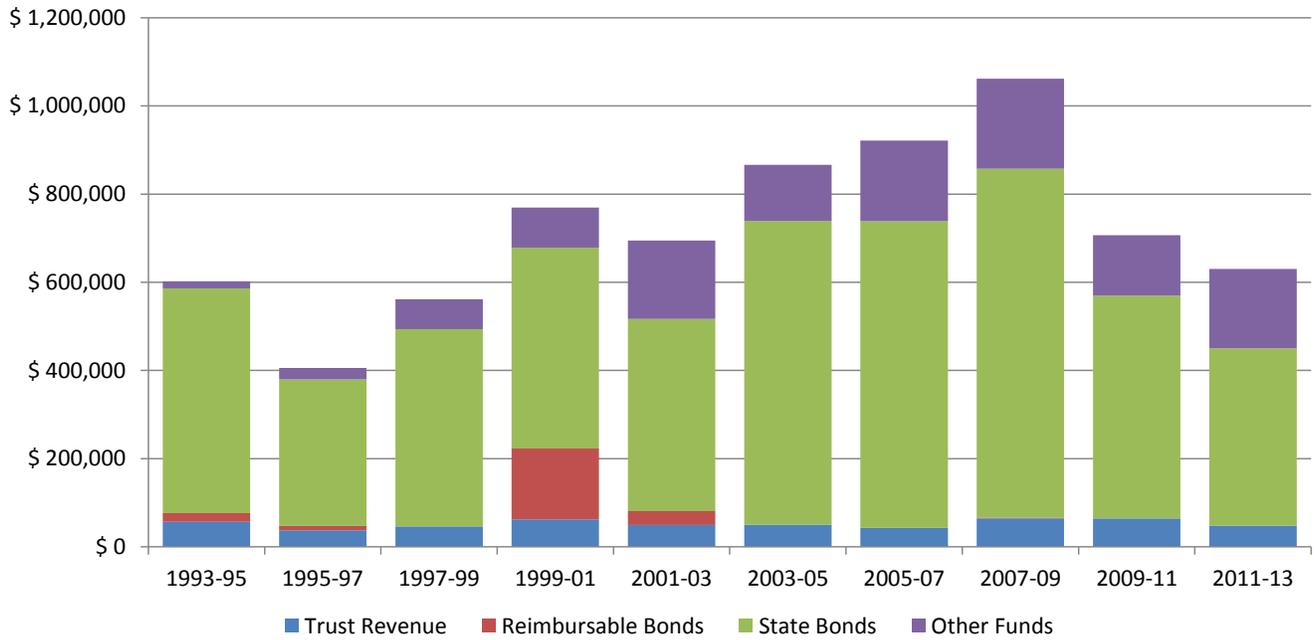
**Access** - Adequate facilities are necessary to provide students access to education. This has been a priority of the Legislature over the last decade. Access is provided primarily through new and renovated facilities on campuses.

**Preservation** - Ongoing maintenance and small repairs funded by the operating budget are necessary along with capital budget funding for major repairs, renovations, and minor works to preserve facilities, allowing the building to be functional beyond the expected useful life.

**Mission** - Some facilities may be necessary to enable the institution to carry out its unique mission.

There are a variety of sources of funding for higher education capital facilities. Generally: (1) research space at the research institutions may be funded from state, federal, or private funds; (2) instructional space and related general space typically is funded using state funds; (3) student auxiliary services (e.g. dining and housing) are funded through student fees, as are student recreational facilities; and (4) other mixed-use facilities often have mixed sources of funding.

## Higher Education Capital Budget Appropriations by Fund Source



Source: Legislative Evaluation and Accountability Program Committee

## Higher Education Institutions

### Four-Year Public Institutions (6)

University of Washington  
Seattle  
Tacoma  
Bothell

Washington State University  
Pullman  
Tri Cities  
Vancouver  
Spokane (with EWU)

Central Washington University  
(Ellensburg)

Eastern Washington University  
(Cheney)

The Evergreen State College  
(Olympia)

Western Washington University  
(Bellingham)

### Two-Year Public Colleges (34)

Bates Technical College  
Bellevue  
Bellingham Technical College  
Big Bend  
Cascadia  
Centralia  
Clark  
Clover Park Technical College  
Columbia Basin  
Edmonds  
Everett  
Grays Harbor  
Green River  
Highline  
Lake Washington Technical College  
Lower Columbia  
North Seattle  
Olympic  
Peninsula  
Pierce  
Renton Technical College  
Seattle Central  
Seattle Vocational Institute  
Shoreline  
Skagit Valley  
South Puget Sound  
South Seattle  
Spokane  
Spokane Falls  
Tacoma  
Walla Walla  
Wenatchee  
Whatcom  
Yakima Valley

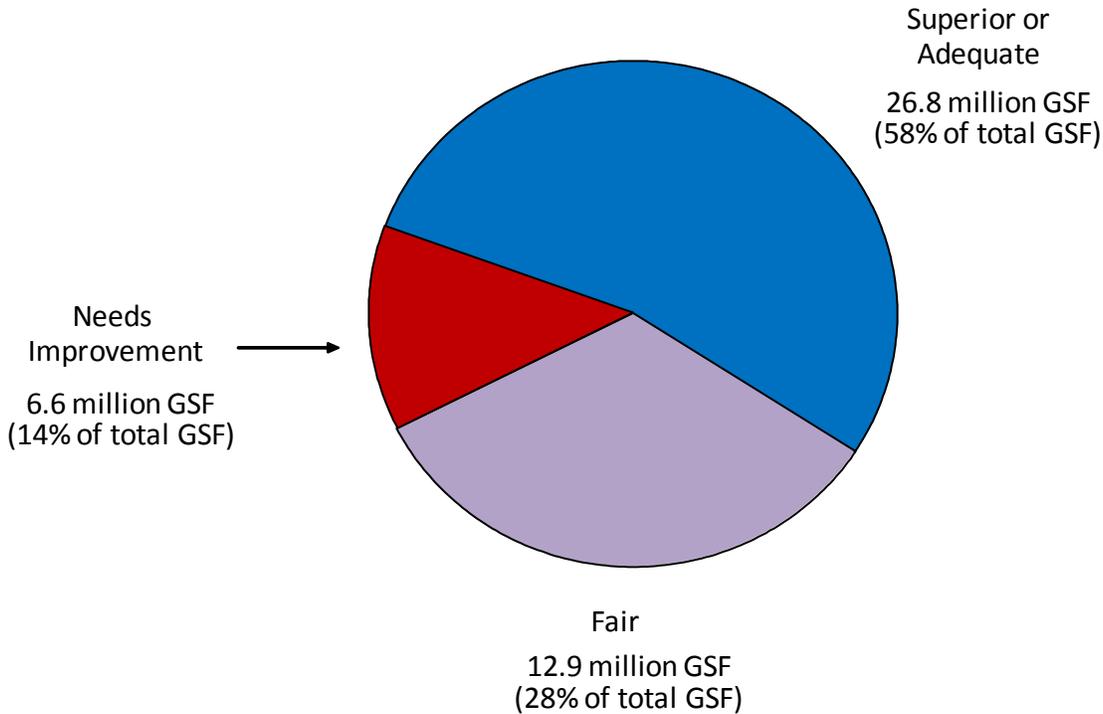
## Higher Education Facility Inventory

<b>Total Higher Education Inventory</b>	<b>State Capital Budget-Supported Inventory</b>
2,654 Buildings	1,371 Buildings
60.9 million Gross Square Feet	46.4 million Gross Square Feet
State-Supported Inventory = \$18.4 billion Current Replacement Value	
\$2.3 billion Preservation Backlog	

2010 Data	Facilities Owned Total Space Gross Square Feet (GSF)	State Capital- Supported Space as % of Total Space	Preservation Backlog on State Capital Budget Supported Buildings over 1,999 GSF
University of Washington	18,979,151	69%	\$794.8 million
Washington State University	12,744,744	73%	\$440.8 million
Eastern Washington University	2,869,315	78%	\$135.9 million
Central Washington University	3,134,673	58%	\$78.8 million
The Evergreen State College	1,581,007	82%	\$55.0 million
Western Washington University	3,432,340	61%	\$109.2 million
Community & Technical Colleges	18,167,730	92%	\$648.8 million

Source: Office of Financial Management Comparable Framework 2010

## Higher Education Facility Condition



Source: Office of Financial Management Comparable Framework 2010

### Prioritizing Four-Year Higher Education Capital Projects

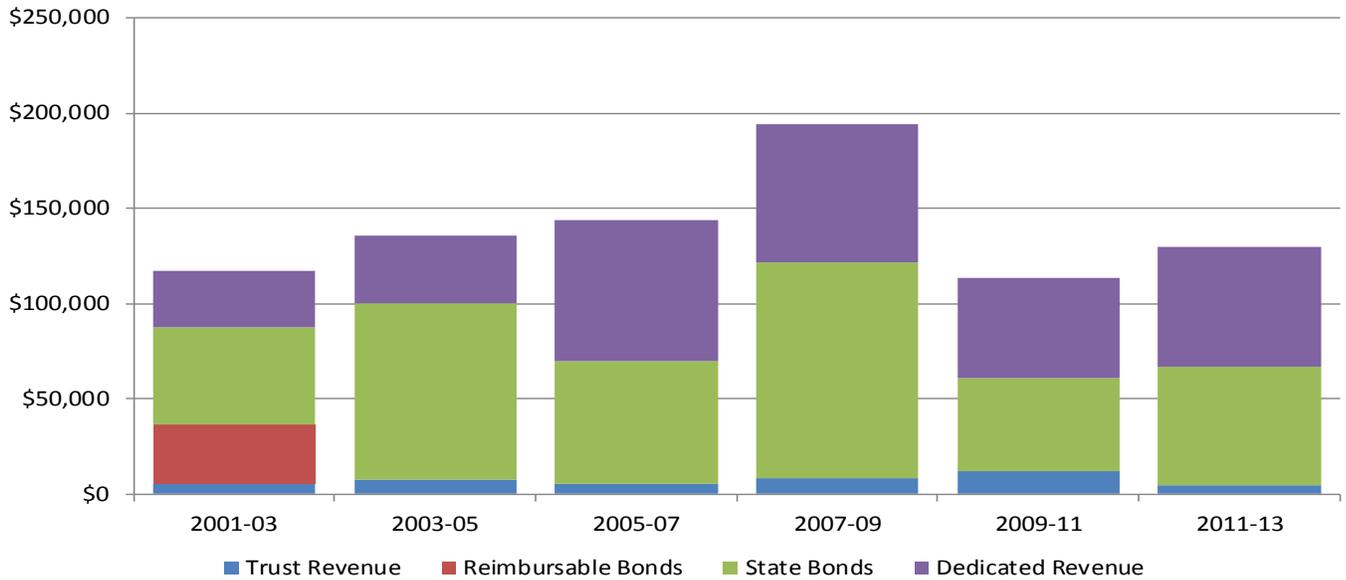
In 2003, the Legislature directed the Council of Presidents and the Higher Education Coordinating Board (HECB) to develop a method to guide capital appropriation decisions by rating and individually ranking all major capital projects for public four-year institutions. The resulting list of ranked projects was to be approved by the governing boards of each four-year institution.

In 2005, the Legislature provided additional guidance to refine the method used for the ranking of four-year institutions construction project requests. Greater emphasis was to be placed on early critical review of project proposals. Scoring and ranking of projects could not be based on assigning an equal number of overall points to each four-year institution. The ranking was to address statewide priorities, and the process was to use a facility condition index established by Joint Legislative Audit and Review Committee.

In 2008, the prioritization process was again modified by requiring the Office of Financial Management (OFM) to complete an analysis and scoring of all four-year institutions construction projects. Each of the proposed projects must to be scored within a single project category according to its primary purpose. The seven project categories are: predesign; enrollment growth; replacement and renovation; major campus infrastructure; research projects that promote economic growth and innovation; land acquisition; and other project categories as determined by the OFM and the legislative fiscal committees.

In 2011, the Legislature enacted Engrossed Second Substitute House Bill 2483 which made changes to the four-year scoring process. The legislation required the OFM to rank major capital projects at the four-year institutions in a single list in priority order. The legislation directed the Washington Student Achievement Council to identify a combination of projects that will most cost-effectively achieve the state's goals. These goals include increasing baccalaureate and graduate degree production, particularly in high-demand fields; promoting economic development through research and innovation; providing quality, affordable educational environments; preserving existing assets; and maximizing the efficient utilization of instructional space. The OFM is also required to assume that the overall funding level of the prioritized list remains the same as the level of funding provided by the Legislature in the previous biennium.

## University of Washington Capital Budget Appropriations History (Dollars in Thousands)

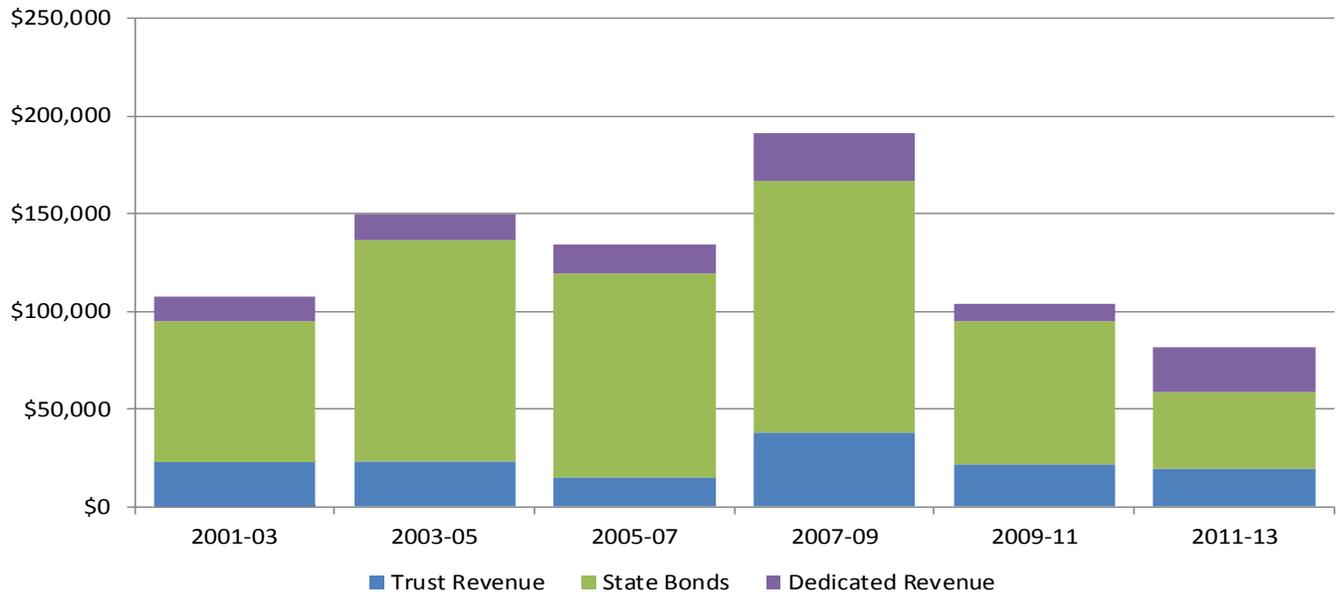


	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	5,642	7,491	5,330	8,370	12,399	4,661
Reimbursable Bonds	31,125	0	0	0	0	0
State Bonds	50,662	92,853	64,384	113,355	48,520	62,513
Dedicated Revenue	30,058	35,317	74,251	72,333	52,858	62,628
<b>Total</b>	<b>\$117,487</b>	<b>\$135,661</b>	<b>\$143,964</b>	<b>\$194,058</b>	<b>\$113,777</b>	<b>\$129,802</b>

Source: Legislative Evaluation and Accountability Program Committee

# Washington State University

## Washington State University Capital Budget Appropriations History (Dollars in Thousands)

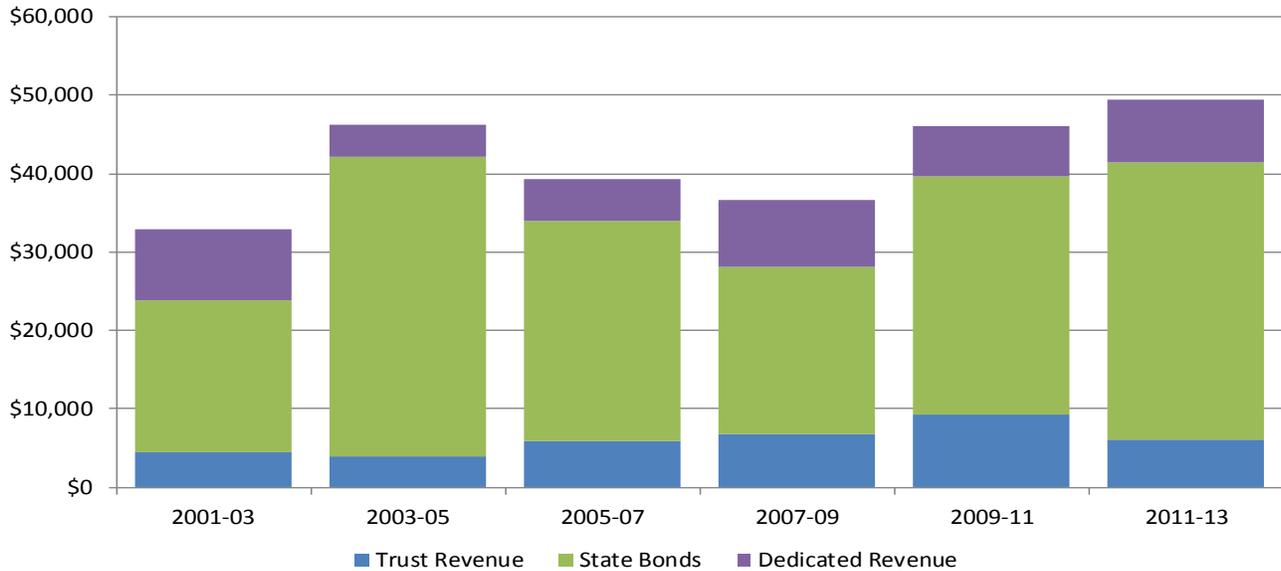


	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	23,431	23,442	15,375	37,621	21,726	19,656
State Bonds	71,349	112,737	103,900	129,139	72,863	39,051
Dedicated Revenue	12,688	13,737	15,240	24,030	8,874	22,594
<b>Total</b>	<b>\$107,468</b>	<b>\$149,916</b>	<b>\$134,515</b>	<b>\$190,790</b>	<b>\$103,463</b>	<b>\$81,301</b>

Source: Legislative Evaluation and Accountability Program Committee

# Eastern Washington University

## Eastern Washington University Capital Budget Appropriations History (Dollars in Thousands)

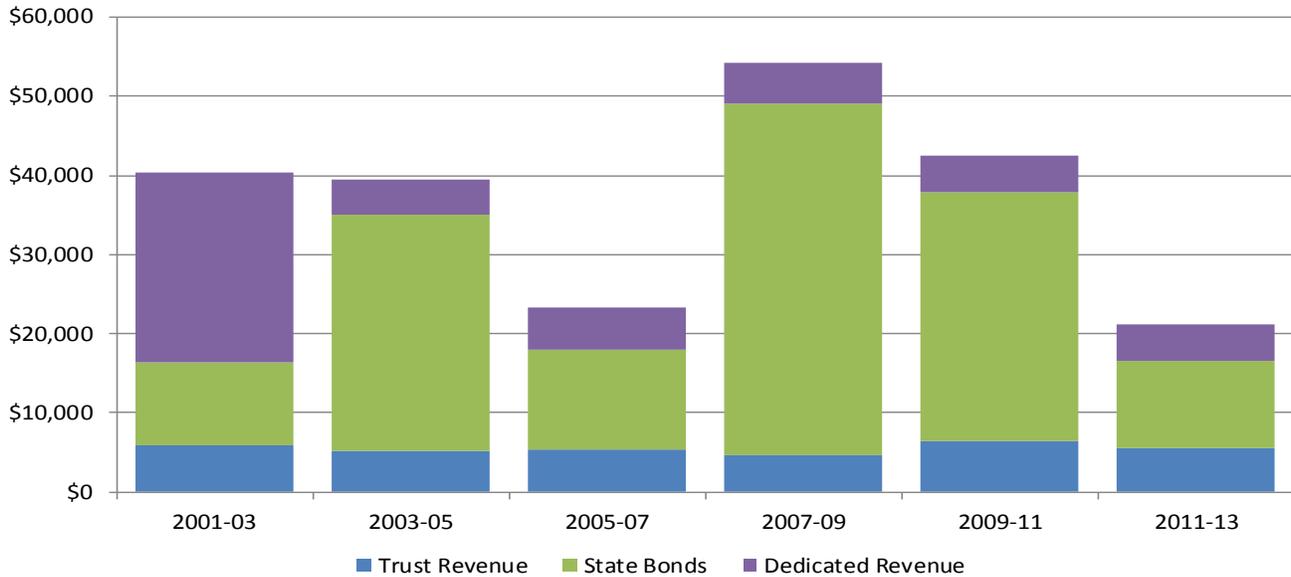


	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	4,553	4,032	5,850	6,825	9,346	6,004
State Bonds	19,322	38,135	28,075	21,321	30,288	35,395
Dedicated Revenue	9,100	3,994	5,367	8,549	6,494	7,958
<b>Total</b>	<b>\$32,975</b>	<b>\$46,161</b>	<b>\$39,292</b>	<b>\$36,695</b>	<b>\$46,128</b>	<b>\$49,357</b>

Source: Legislative Evaluation and Accountability Program Committee

# Central Washington University

## Central Washington University Capital Budget Appropriations History (Dollars in Thousands)

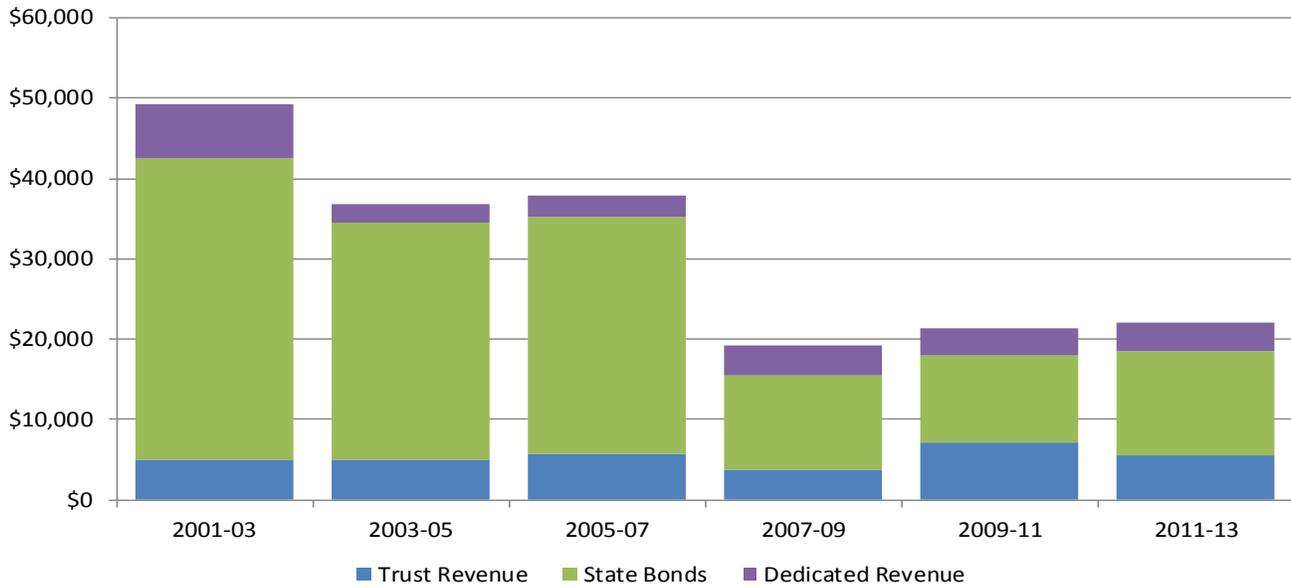


	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	5,870	5,202	5,426	4,712	6,401	5,569
State Bonds	10,600	29,750	12,580	44,273	31,394	11,027
Dedicated Revenue	23,956	4,448	5,344	5,310	4,636	4,556
<b>Total</b>	<b>\$40,425</b>	<b>\$39,400</b>	<b>\$23,350</b>	<b>\$54,295</b>	<b>\$42,431</b>	<b>\$21,152</b>

Source: Legislative Evaluation and Accountability Program Committee

# The Evergreen State College

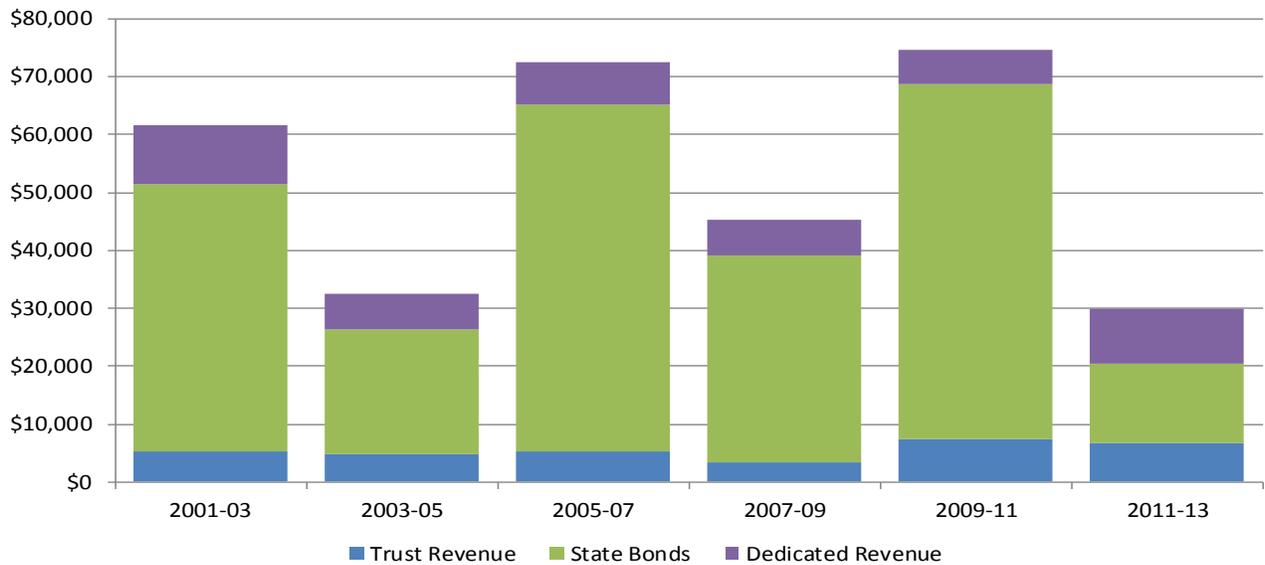
## The Evergreen State College Capital Budget Appropriations History (Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	5,013	5,037	5,650	3,763	7,110	5,505
State Bonds	37,550	29,400	29,600	11,748	10,836	13,080
Dedicated Revenue	6,747	2,447	2,710	3,762	3,346	3,520
<b>Total</b>	<b>\$49,310</b>	<b>\$36,884</b>	<b>\$37,960</b>	<b>\$19,273</b>	<b>\$21,292</b>	<b>\$22,105</b>

Source: Legislative Evaluation and Accountability Program Committee

## Central Washington University Capital Budget Appropriations History (Dollars in Thousands)



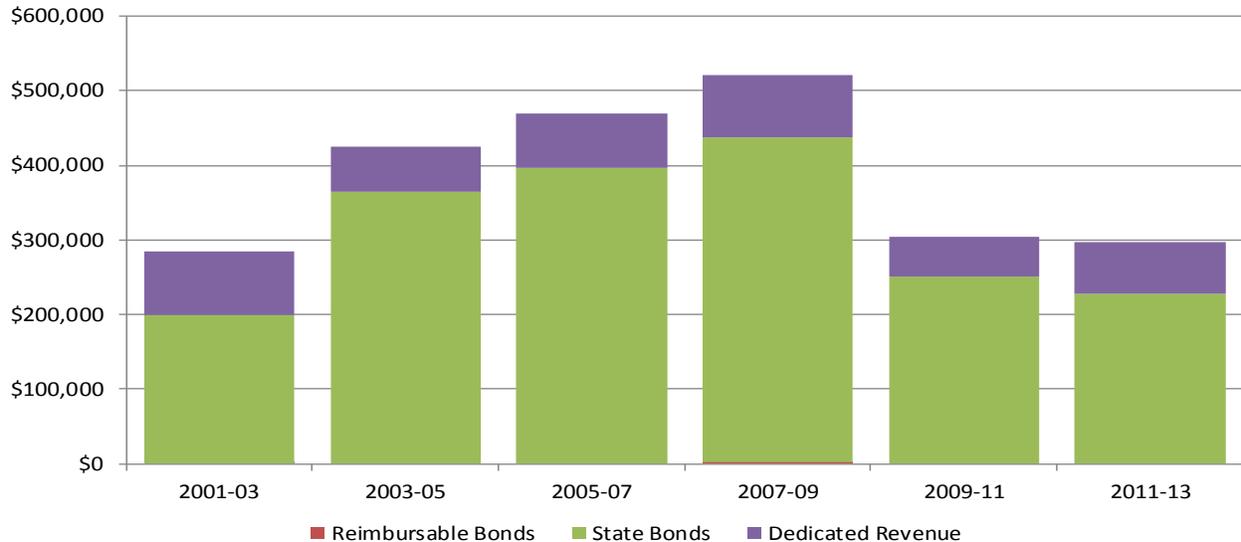
	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
Trust Revenue	5,250	4,830	5,251	3,348	7,521	6,750
State Bonds	46,134	21,600	60,043	35,818	61,169	13,750
Dedicated Revenue	10,250	6,034	7,263	6,244	5,909	9,321
<b>Total</b>	<b>\$61,634</b>	<b>\$32,464</b>	<b>\$72,557</b>	<b>\$45,410</b>	<b>\$74,599</b>	<b>\$29,821</b>

Source: Legislative Evaluation and Accountability Program Committee

# State Board for Community & Technical Colleges

## State Board for Community & Technical Colleges Capital Budget Appropriations History

(Dollars in Thousands)



	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
Reimbursable Bonds	0	0	0	1,500	0	0
State Bonds	200,151	364,184	397,425	435,605	250,372	227,143
Dedicated Revenue	84,962	61,293	71,806	83,976	54,430	69,517
<b>Total</b>	<b>\$285,113</b>	<b>\$425,477</b>	<b>\$469,231</b>	<b>\$521,081</b>	<b>\$304,802</b>	<b>\$296,660</b>

Source: Legislative Evaluation and Accountability Program Committee

## Prioritizing Two-Year Higher Education Capital Projects

The State Board for Community and Technical Colleges also uses a process for evaluating and prioritizing the project requests of the 34 community and technical colleges around the state. The system’s long-standing capital budget process prioritizes projects to ensure that preservation of existing facilities is balanced with new construction to expand capacity and meet changing program needs. Each college develops a capital request shaped by program-based strategic planning and facility master planning. The needs of all 34 colleges are then prioritized to form the system request.

## Relevant Organizations to the Functional Area

---

Student Achievement Council (RCW 28B.77) - The Council provides planning, coordination, monitoring, and fiscal policy analysis for higher education in the state, including the preparation of a master plan. The Council is composed of nine voting members, including five citizen members appointed by the Governor with the consent of the Senate. The citizen members consist of a student, a representative of an independent nonprofit higher education institution, a representative of the four-year institutions of higher education, a representative of the state's community and technical college system, and a representative of the state's K-12 education system. The Student Achievement Council replaced the Higher Education Coordinating Board in 2012.

Higher Education Facilities Authority (RCW 28B.75) - The Authority is a self-supported agency that issues tax-exempt bonds to enable Washington's nonprofit, independent colleges and universities to build, improve, and equip higher education facilities in a manner that will minimize capital costs.

State Board for Community and Technical Colleges (RCW 28B.50.050) - The Board consists of nine members appointed by the Governor and confirmed by the Senate. The Board has general supervision and control over the community and technical colleges, including budgeting, distribution of funds, and preparation of a master plan.

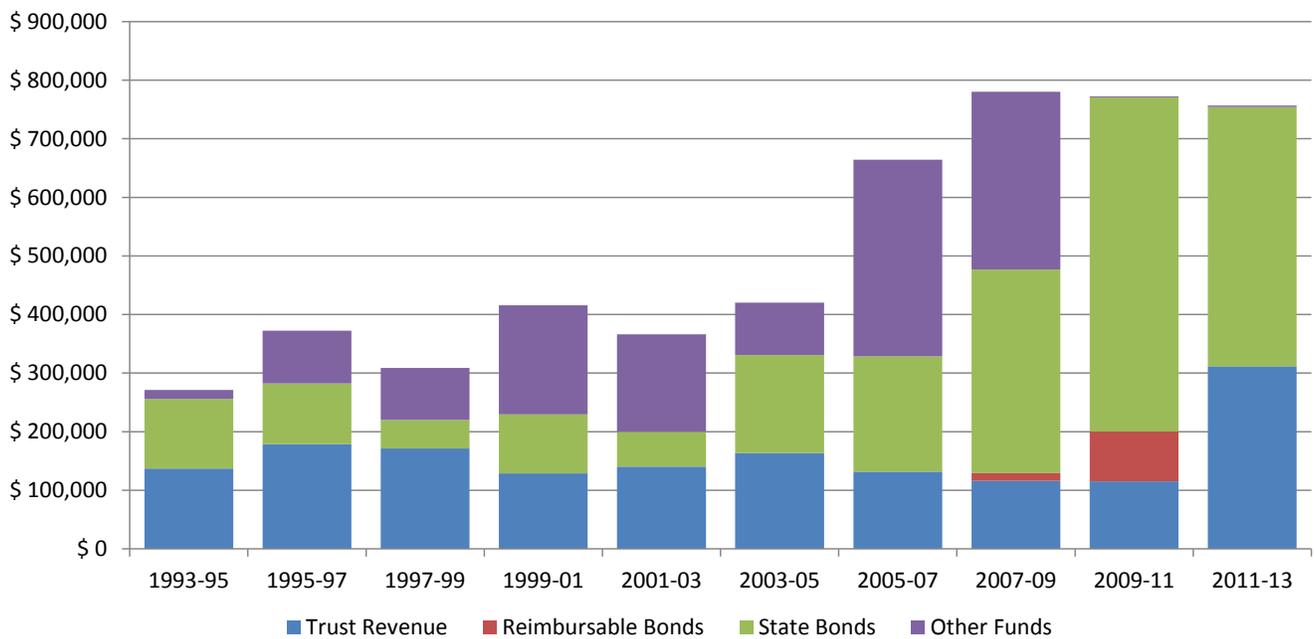
# Education



# Overview of Education

Education includes state support for the construction of K-12 public schools by local school districts, as well as funding to support the facilities used by the state schools for blind children and children with deafness and hearing loss. Funding is also provided for the museums operated by the state historical societies.

**Education**  
**Capital Budget Appropriations by Fund Source**



Source: Legislative Evaluation and Accountability Program Committee

# Office of the Superintendent of Public Instruction

---

The Office of the Superintendent of Public Instruction (OSPI) administers several K-12 school construction programs. Much of the funding awarded to these programs is in the form of grants that are sent to the school districts. Programs include:

- K-12 School Construction Assistance Grants
- Small Repair and Energy Efficiency Grants
- Vocational Skills Centers

## **K-12 School Construction Assistance Grants**

Washington State provides financial assistance to school districts in the capital budget for constructing new and remodeling existing school buildings. The School Construction Assistance Program is based on two principles: (1) state and local school districts share the responsibility for the provision of school facilities; and (2) there is an equalization of burden among school districts to provide school facilities regardless of the wealth of the districts. To be eligible for state funding through the School Construction Assistance Grants Program, a school district must have a space or remodeling need and must secure voter approval of a bond levy or other source for the local share of a school project. Once the local share is secured, the state money is allocated to districts based on a funding formula comprised primarily of a set of space and cost standards/allocations and a state funding assistance percentage (matching ratio) based on the relative property wealth of the district.

The School Construction Assistance Program does not reimburse all costs related to a school district project. Costs not eligible for reimbursement by the state include, but are not limited to the following:

- Area in excess of the space allocations per student;
- Site acquisition costs;
- Maintenance and operations costs (including deferred maintenance);
- Central administration buildings;
- Stadiums/grandstands;
- Most bus garages;
- Sales and/or use taxes levied by local government agencies other than those taxes generally levied throughout the Washington; and
- Portable classrooms

State assistance is provided for the following project costs:

- Architect and engineering fees;
- Construction management;
- Value engineering studies and constructability reviews;
- Building commissioning;
- Furniture and equipment;
- Energy conservation reports;
- Inspection and testing;
- Preparation of school district studies, surveys, and educational specifications;
- Project signs and plaques;
- Construction of school facilities; and
- Art as required by statute for “Art in Public Places”.

The need for state grant assistance provided to local school districts for construction and modernization of school facilities is based on four main factors:

- Student enrollment;
- Building age and condition;
- Changes in education programs; and
- Local funding capabilities.

School districts receiving state assistance must expend the total amount of their local share for the project before receiving state funds for the construction project.

## Calculating the Amount of State Assistance for School Construction

State assistance helps finance certain space and remodeling needs of local school districts. The school district must pass a bond levy or obligate other local revenue to be eligible for state assistance.

State Funding Assistance	=	Eligible Area	X	Construction Cost Allocation	X	State Funding Percentage
--------------------------	---	---------------	---	------------------------------	---	--------------------------

1. Eligible Area (square footage) - Eligible area is the specific amount of square feet per student that is eligible for state assistance.

<u>Grade</u>	<u>Current rule</u>
K-6	90 sq ft/student
7-8	117 sq ft/student
9-12	130 sq ft/student
Special Education	144 sq ft/student

2. Construction (Area) Cost Allocation - The Construction Cost Allocation (CCA) is the maximum cost per square foot of construction that the state will match. It's not the actual cost of construction paid by the school districts. The CCA is established annually. After the eligible square footage is determined, the CCA is applied to determine the maximum construction dollar amount eligible for state assistance for new construction and modernization. The CCA for fiscal year 2012 is \$183.78 per square foot, and \$188.55 for fiscal year 2013.
3. State Funding Assistance Percentage. The amount of state funding assistance available to the eligible project cost is determined by applying the "state funding assistance percentage" (formerly called the "match ratio"). Applying this percentage in the formula equalizes funding by providing a higher percentage of assistance to less wealthy school districts. The state funding assistance percentage ranges from an established floor of 20 percent to a ceiling of 100 percent for the poorest school district.

Finally, other allowable related costs are added. These include architect and engineering fees, construction management, value engineering studies, furniture and equipment, energy conservation reports, and inspection and testing.

## **Permanent Common School Fund and Common School Construction Fund**

Washington State is a land grant state. When Washington entered the Union, the federal government granted two sections of land in every township as a trust dedicated to support the common schools. The 1.79 million acres of school trust lands are managed by the Department of Natural Resources for the purpose of generating revenue for the support of school construction.

A constitutional amendment was enacted in 1967 which dedicates school trust land revenues to support school construction. Article IX of the Constitution establishes two funds:

**The Permanent Common School Fund:** This fund was created in the original Washington State Constitution, and it received all the income from the sale of school trust lands and non-renewable resources from the trust lands. The principal of the Permanent Common School Fund is irreducible, and only the interest income from the investment of the permanent fund was available for payment of current expenses for the common schools. The 1967 amendment dedicated the use of the interest income to school construction and to pay debt service on state bonds used for school construction. According to the Washington State Investment Board's 2010 Annual Report, the total market value of all the Permanent Common School Fund is \$187.9 million. The principal in the fund remains irreducible and the interest income is used to pay debt service on bonds. Any remaining income is deposited into the Common School Construction Fund.

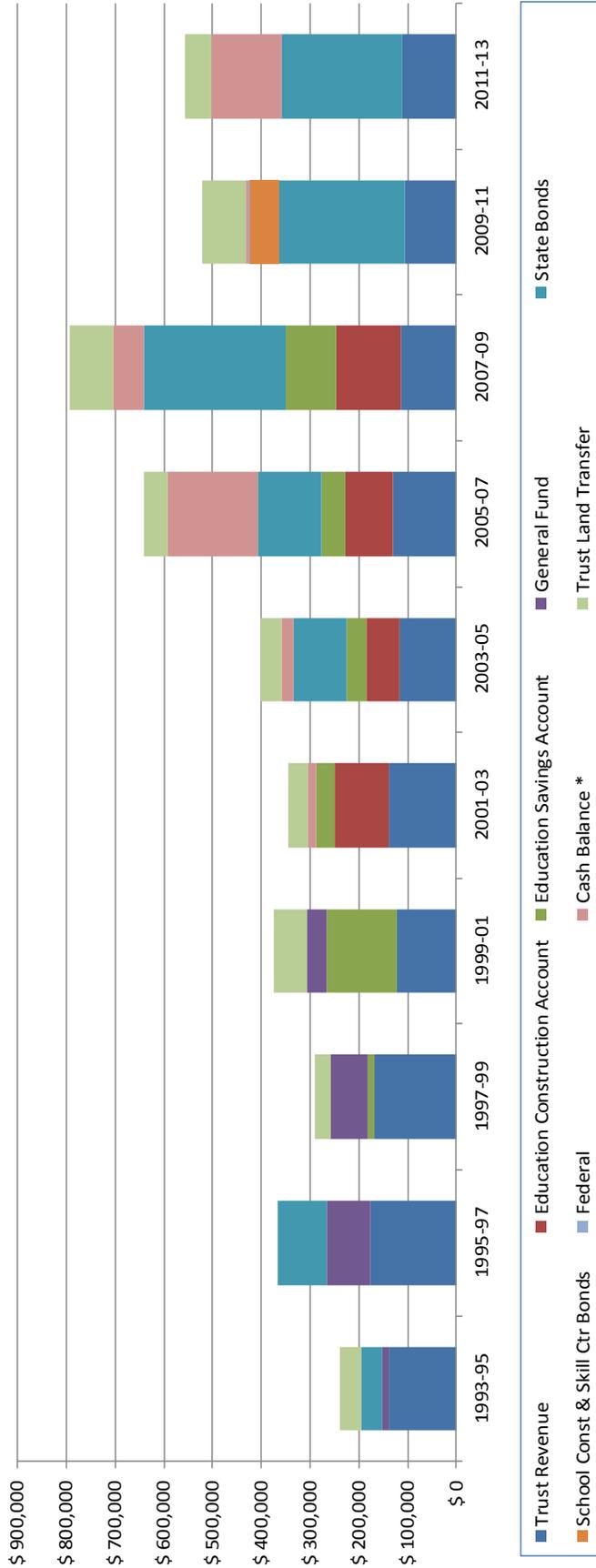
**The Common School Construction Fund:** This fund was created by the 1967 amendment for the exclusive purpose of financing the construction of facilities for the common schools. Revenue to this fund is from the harvest of timber on school trust lands, from agricultural and real estate leases on school trust lands, and interest income from the Permanent Common School Fund. The Common School Construction Fund is used to fund school construction projects on a cash-in-hand basis and is not used to finance state bonds to pay for school construction projects in eligible school districts.

Prior to the 1967 constitutional amendment, the state share of school facilities was paid from a variety of sources. Up to 1951, the state general fund was used to pay the state share of school construction. Between 1951 and the 1967 constitutional amendment, the state share of school facilities was provided by state bonds supported by cigarette and motor vehicle taxes.

In 2007, the Legislature passed House Budget 2396, which clarified the law authorizing investment of the Permanent Common School Fund in equities when the investment is in the best interest of the state and the Permanent Common School Fund. The bill clarifies that the Washington State Investment Board has the authority to invest the Permanent Common School Fund to achieve a balance of long-term growth and current income. The State Treasurer calculates the irreducible principal. The irreducible principal does not include investment gains, and the Washington State Investment Board may retain or distribute income and investment earnings to achieve a balance between growth and income.

## School Construction Assistance Program Capital Budget Appropriations by Fund Source

(Dollars in Thousands)



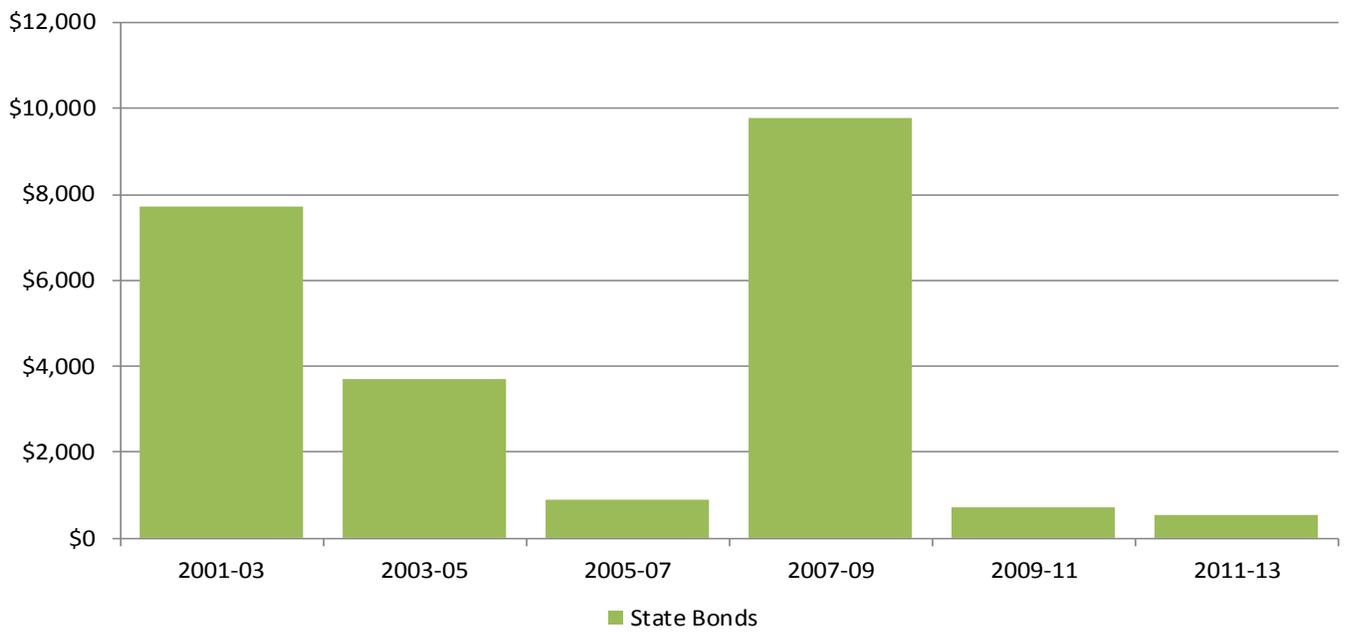
\* Cash Balance - this is an estimated cash balance that may not be reflective of the amount of utilized cash in a particular biennium.

Source: Legislative Evaluation and Accountability Program Committee and Office of Program Research

# State School for the Blind

The Washington State School for the Blind, in operation since 1886, is a residential school for blind and partially sighted students of school age who are residents of the state of Washington.

**State School for the Blind**  
**Capital Budget Appropriations History**  
 (Dollars in Thousands)



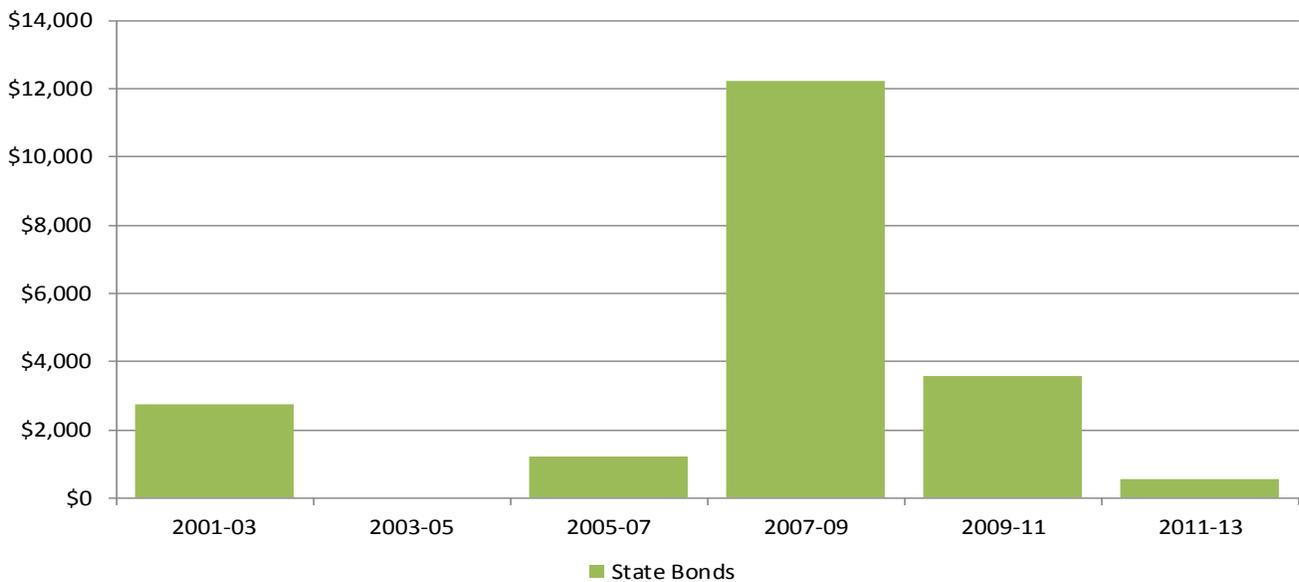
	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
State Bonds	7,711	3,717	900	9,770	720	550
<b>Total</b>	<b>\$7,711</b>	<b>\$3,717</b>	<b>\$900</b>	<b>\$9,770</b>	<b>\$720</b>	<b>\$550</b>

Source: Legislative Evaluation and Accountability Program Committee

# Center for Childhood Deafness and Hearing Loss

The Center for Childhood Deafness and Hearing Loss, in operation since 1886, provides educational services to Washington students ages 3 to 21 who are deaf or hard of hearing.

**Center for Childhood Deafness and Hearing Loss  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
State Bonds	2,760	0	1,201	12,225	3,584	536
<b>Total</b>	<b>\$2,760</b>	<b>\$0</b>	<b>\$1,201</b>	<b>\$12,225</b>	<b>\$3,584</b>	<b>\$536</b>

Source: Legislative Evaluation and Accountability Program Committee

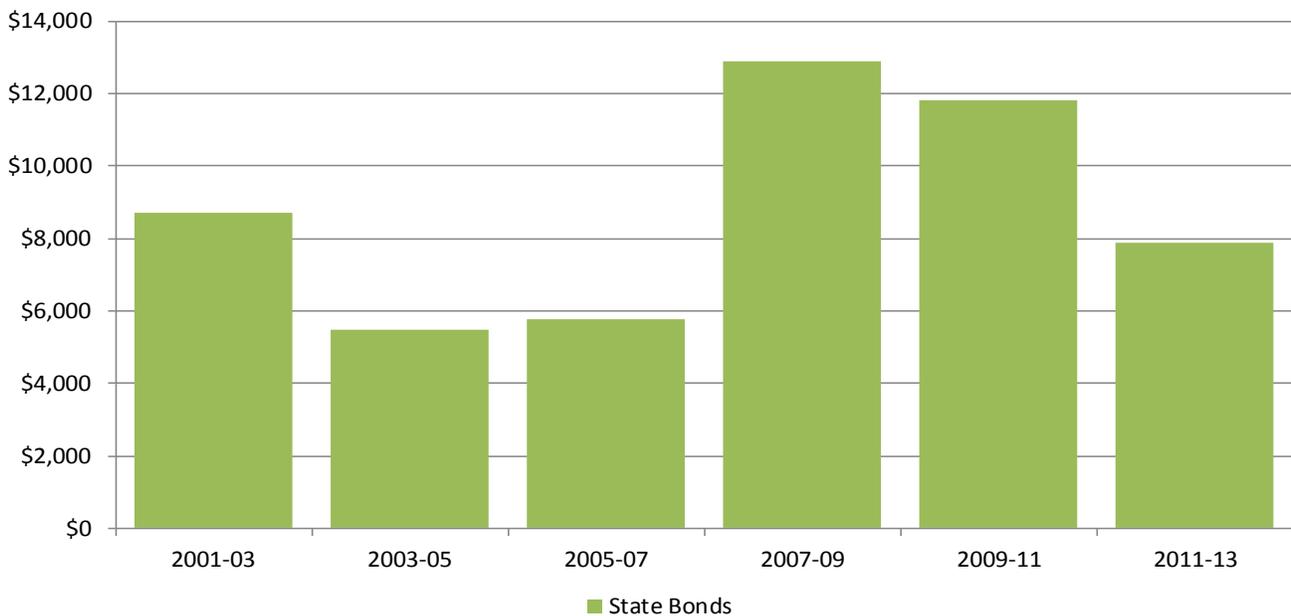
# Washington State Historical Society

Founded in 1891, the Washington State Historical Society (WSHS) offers resources and services to visitors interested in Washington State history. They have three primary facilities:

- Washington State History Museum (Tacoma);
- State Capital Museum and Outreach Center (Olympia); and
- Research Center (Tacoma).

The WSHS also administers the Washington Heritage Program. This program provides up to one third of the cost of local capital projects undertaken by non-profit organizations, tribes, and various local governments. Projects that provide for the preservation and interpretation of the heritage of the state are submitted by applicants, reviewed and ranked by an advisory panel, and submitted for inclusion in the agency's state capital budget.

**Washington State Historical Society  
Capital Budget Appropriations History**  
(Dollars in Thousands)



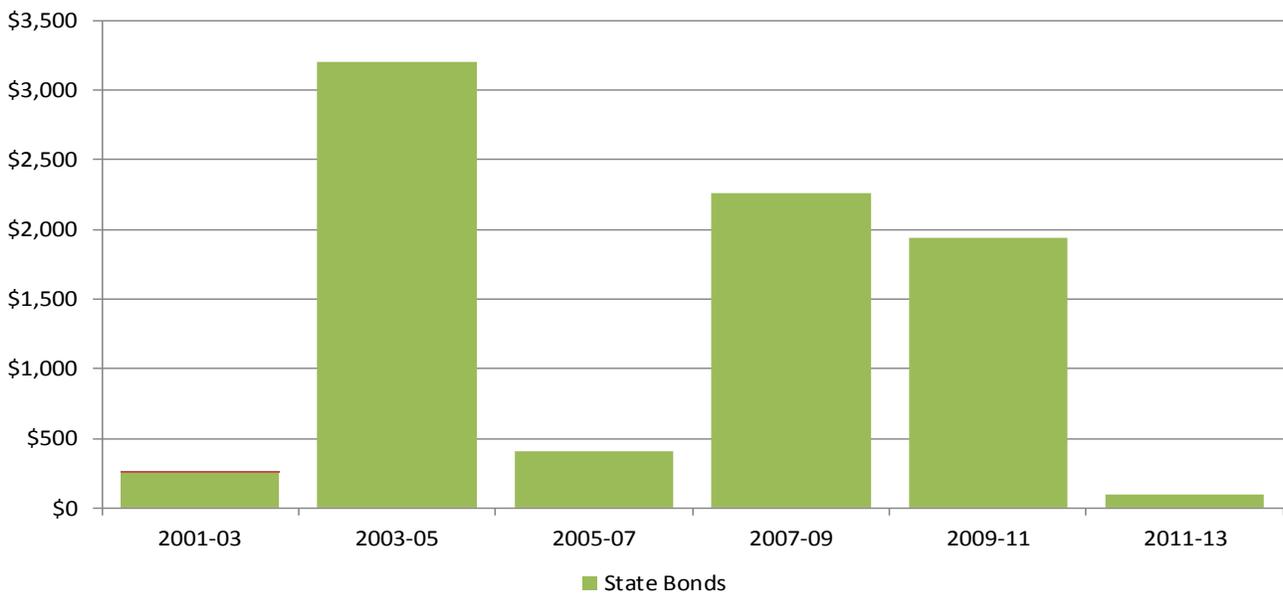
	2001-03	2003-05	2005-07	2007-09	2009-11	2011-13
State Bonds	8,702	5,488	5,792	12,902	11,827	7,882
<b>Total</b>	<b>\$8,702</b>	<b>\$5,488</b>	<b>\$5,792</b>	<b>\$12,902</b>	<b>\$11,827</b>	<b>\$7,882</b>

Source: Legislative Evaluation and Accountability Program Committee

# Eastern Washington State Historical Society

Founded in 1916 and located in Spokane, Washington, the Eastern Washington State Historical Society (Northwest Museum of Arts and Culture) offers resources and services to visitors interested in Washington State history.

**Eastern Washington State Historical Society  
Capital Budget Appropriations History**  
(Dollars in Thousands)



	<b>2001-03</b>	<b>2003-05</b>	<b>2005-07</b>	<b>2007-09</b>	<b>2009-11</b>	<b>2011-13</b>
State Bonds	250	3,200	406	2,261	1,939	100
<b>Total</b>	<b>\$250</b>	<b>\$3,200</b>	<b>\$406</b>	<b>\$2,261</b>	<b>\$1,939</b>	<b>\$100</b>

Source: Legislative Evaluation and Accountability Program Committee



