

INVESTING IN WASHINGTON'S FUTURE

**Capital Facilities Investment Models for
Washington's Higher Education System**

January 2006

Prepared by
The University of Washington

I. Executive Summary

Section 933 of the Washington State Legislature's 2005-07 approved Capital Appropriations Bill requires that the University of Washington examine various models for the ongoing management of capital facilities investments used by other organizations, including other higher education institutions, and report back to the Governor, the House of Representatives Capital Budget Committee, and the Senate Ways and Means Committee on January 1, 2006. (Refer to Appendix A for the full text of Section 933.)

This report provides historic and current context regarding the Washington State capital program, a summary of significant challenges facing our higher education institutions and the University of Washington within the context of the capital program, and a review of alternative capital investment models for the ongoing management of our state's higher education capital assets. The significant findings of this assessment are that:

- **Pressures on the state capital budget have reached a level that is placing Washington's higher education facilities at risk** - *During the past two decades, the accumulated demands on the state capital budget have outpaced the capacity of the state to respond adequately to the needs of higher education; these pressures are creating significant and growing structural problems in the capital budget. The current capital budgeting approach is unable to adequately address the needs of higher education and the needs of the University of Washington specifically.*
- **Unmet Capital funding needs are affecting the condition and usefulness of our facilities and limiting our ability to grow** - *Increasing capital needs coupled with declining capital support from the state are seriously jeopardizing our higher education institutions' long term ability to support and maintain significant state capital assets, while meeting the demands of enrollment growth and ensuring that our campuses are adapted and modernized to provide the quality of educational experience required in the twenty-first century.*
- **There are alternative funding models that we can consider** - *There are alternative funding approaches that we can consider to help ensure that we can invest wisely and responsibly in Washington's future, and continue to serve the state as effective stewards of our priceless higher education capital assets.*

II. Capital Funding in Washington: The Context for Funding Washington's Higher Education Capital Needs

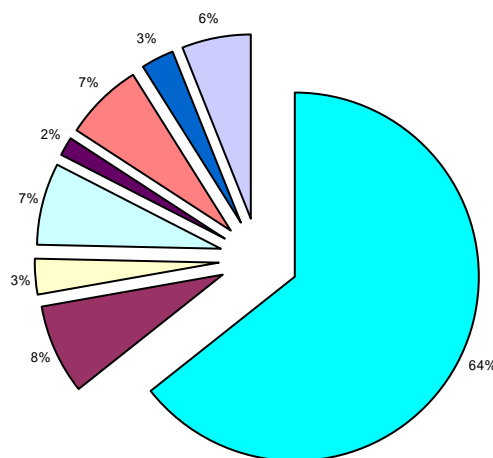
Washington's public higher education system includes six independently-governed baccalaureate institutions and an association of 34 community and technical colleges coordinated by the State Board for Community and Technical Colleges (SBCTC). These institutions comprise two-thirds of Washington's state facilities.

Capital facilities needs for Washington's public higher education system are funded from multiple funding sources, including state bonds, local building accounts, revenue bonds, fees, and grants. Higher education makes up about half of the state capital budget which provides appropriations for construction and repair of:

- Higher education facilities
- Public schools
- State office buildings
- Prisons and juvenile rehabilitation facilities
- Mental health institutions
- Parks and recreation facilities
- Low-income housing
- State and local museums and cultural facilities
- Local government infrastructure improvements
- Wastewater and toxic waste cleanup facilities
- Wildlife habitat conservation and open space projects

The amount of state bonds that can be issued in any year is limited by both constitutional and statutory debt limits. The annual debt service on outstanding bonds cannot exceed 9% of the three year average of general state revenues under the constitution, and 7% under the statutory limit. Roughly half of the state capital budget is funded from state bonds. The transportation budget funds both capital and operating costs of state transportation programs, and relies on a combination of fund sources including state bonds, the state gas tax, federal funds, and licenses and fees. Figure 1 below provides general size comparisons for all of Washington’s state agencies.

**Figure 1
Higher Education Facilities Make Up About
2/3 of All State-Owned Space**

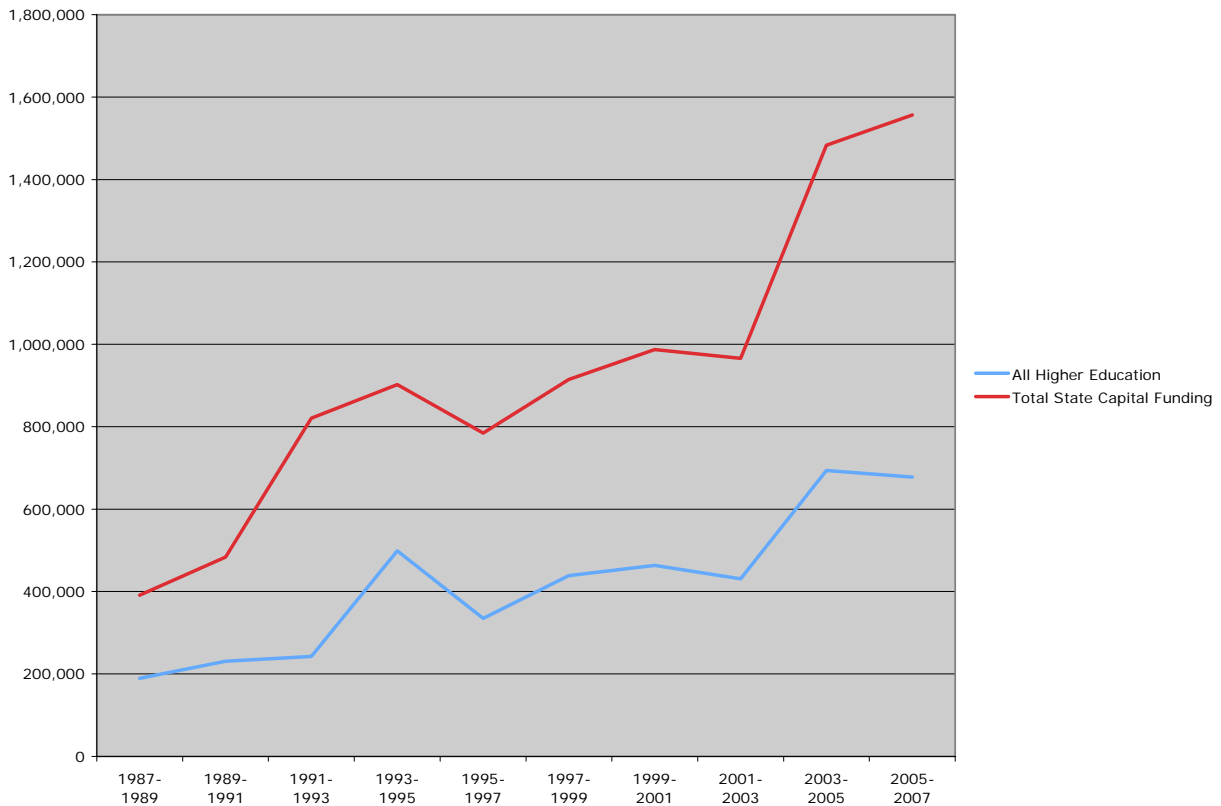


Higher Education	Department of Corrections
Department of Transportation	Department of Social and Health Services
Department of Fish and Wildlife	Department of General Administration
State Parks and Recreation Commission	Other Agencies

Although higher education makes up about two-thirds of all state-owned facilities, the higher education proportion of the total capital budget has not kept up with the needs and as shown in Figure 2, has recently declined.

Figure 2

Recently the Higher Education Portion of the State Budget Has Not Kept Pace with Overall Capital Spending



The growing gap between supply and demand in the current capital budget structure will not allow for enough funds to be made available to continue adding capacity and at the same time to address facilities renewal and modernization needs. This continued erosion of facilities support is a structural problem that in the long term will undermine our higher education institutions' ability to function effectively.

During the last two decades, the state capital budget has been under increasing pressure from the need to expand the public higher education system to meet enrollment demands, from the growing need to address higher education facility depreciation and obsolescence, and from the funding requirements of state agencies other than higher education. Since 1985, major new programs in transportation, K-12 education, corrections, and the environment have placed significant demands on the capital budget. During this same period, total enrollments in Washington's higher education institutions have increased 47% overall; from 75,099 in the two-year colleges to 120,658 (a 61% increase), and from 70,224 in the four-year colleges to 93,681 (a 33% increase.)¹

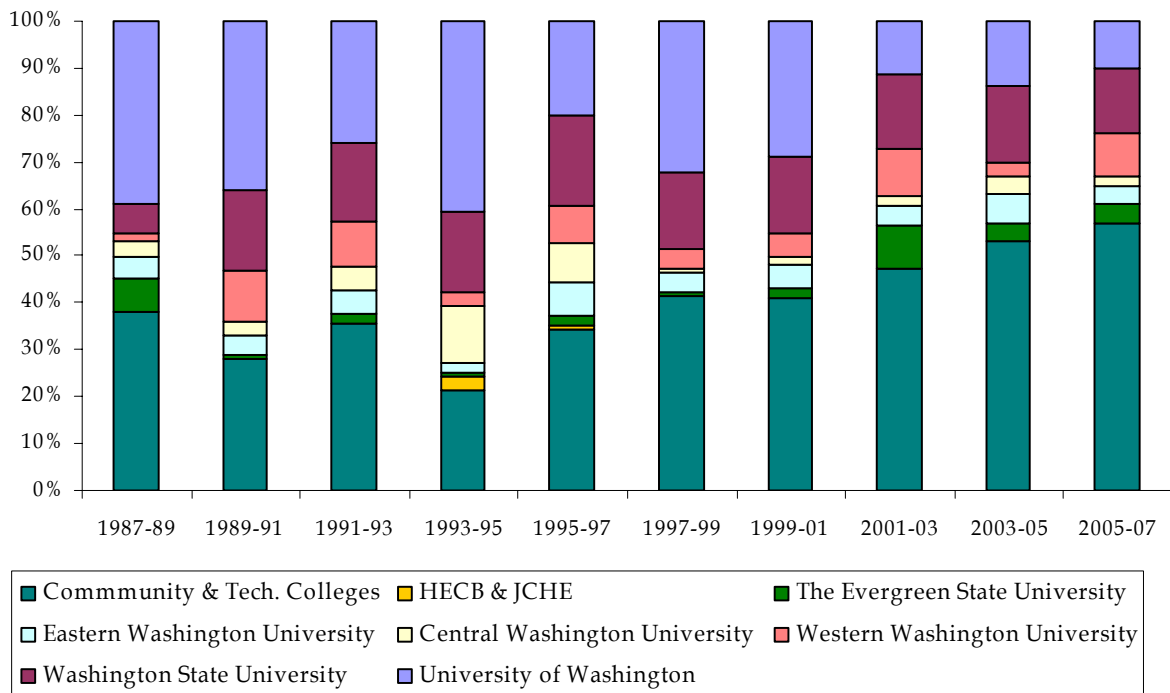
¹ State of Washington, Office of Financial Management Higher Education Enrollment Reports, 2004

In 1991, the state’s community college system was expanded by the addition of five technical colleges, which were moved from the local school districts and a local bond funding model, to the state funded community and technical college program. In addition to these five technical colleges, Pierce and Cascadia Community Colleges were also added to the state system, increasing the total number of 2-year campuses from 27 in 1991 to the current 34.

During this same time frame, “branch” campuses of Washington State University and the University of Washington have been developed in Vancouver, Spokane, Tri-Cities, Tacoma and Bothell, totaling over 1.6 million new gross square feet. Capital funding for this expansion has put increasing pressure on the funds needed by the existing campuses and facilities which were generally built prior to the mid-1980’s. In the last three biennia, approximately 40% of the state higher education capital budget has been dedicated to new construction. As this expansion has been supported, overall state facilities funding for the 4-year institutions has also significantly declined as shown in Figure 3.

Figure 3

Funding for the 4-Year Institutions Has Declined from 62% of State Higher Education Capital Spending in 1987 to 43% in 2007



The space figures cited in this report refer to state supported program space. As in other states, Washington’s public higher education institutions also include facilities for self-supporting uses such as hospitals, athletics, housing and food services, and parking and transportation services. These self-sustaining auxiliary enterprises generally have the ability to generate revenues to support their capital needs. Funds from these sources however cannot be used to construct new buildings for instructional access, or to support existing core academic buildings. Similarly, research grant funding and the majority of indirect cost recovery funds from research, must be expended to support research facilities and activities; research facilities grants are explicitly designated to specific projects, and indirect cost recovery is, as the name indicates, “recovery” –

requiring that the funds be invested in the research programs in order to be “recovered”. Of Washington’s public higher education institutions, the University of Washington supports the largest component of auxiliary enterprise space as shown in Table 1 below.

Table 1

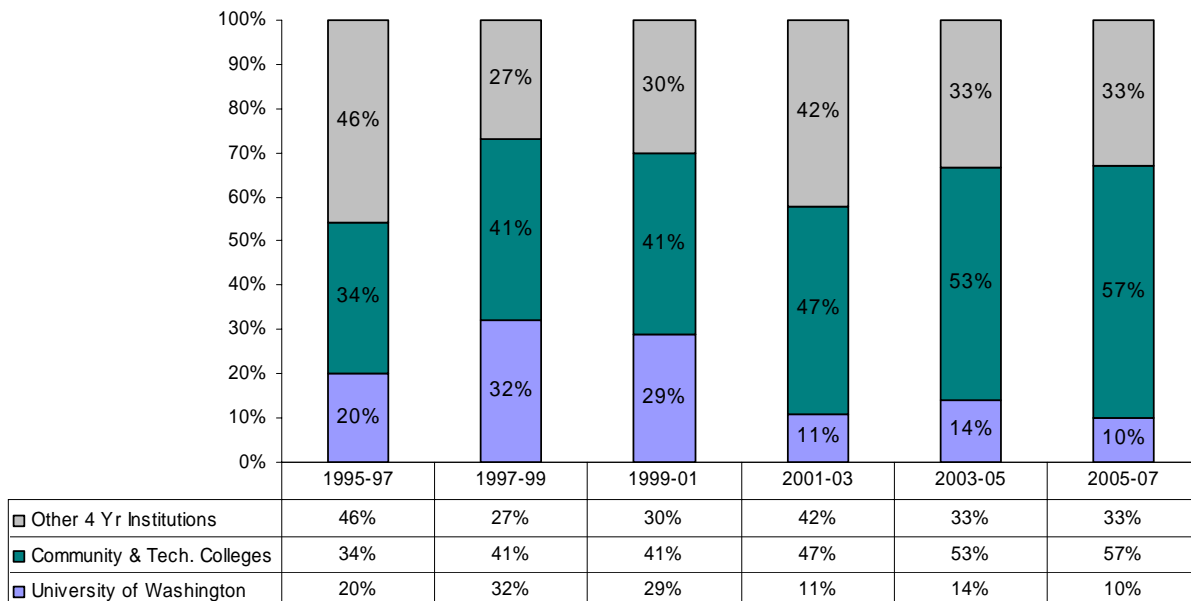
Total Space Institution and Space Type²

SPACE TYPE	UW	WSU	CWU	EWU	WWU	TESC	SBCTC	TOTAL
State Program	11,030,795	8,395,639	1,703,691	1,807,503	1,759,742	1,097,288	14,253,591	40,048,249
Auxiliary Enterprise	6,462,571	3,431,969	1,173,954	156,554	193,133	516,317	1,202,103	13,136,601
Total	17,493,366	11,827,608	2,877,645	1,964,057	1,952,875	1,613,605	15,455,694	53,184,850

The University of Washington, which accounts for over one-third of all higher education total square footage and 28% of all state-supported program space in the state, hit a historic low point in state capital budget support in the 2005-07 biennium, receiving only 10% of the state higher education capital budget.

Figure 4

The University of Washington Hit a Historic Low Point in the 2005-07 Biennium Receiving Only 10% of the State Higher Educational Capital Funds

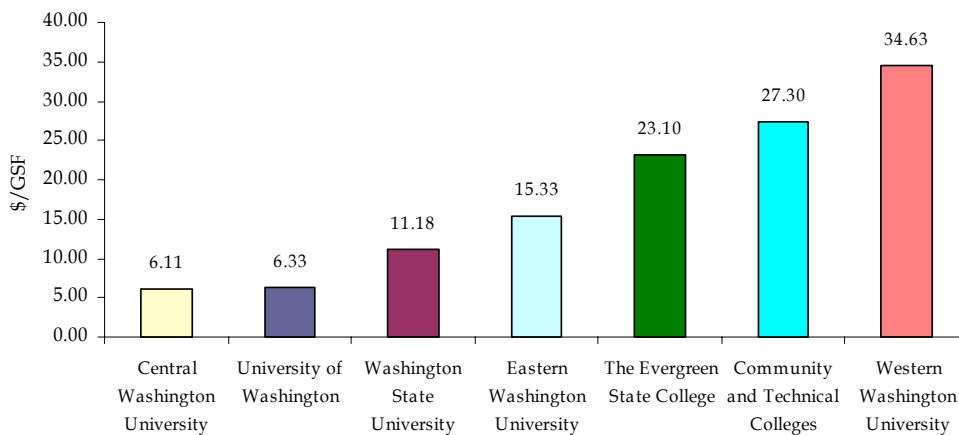


² Space data are the most recent available. State-supported space figures are from the Joint Legislative Audit and Review Committee’s Higher Education Facilities Preservation Study (January, 2003); total square footage figures are from the Office of Financial Management’s Facilities Inventory System last updated 2004. Central Washington University’s space data was updated and corrected January, 2006.

The effects of the growing pressures on the state higher education capital budget have been felt most acutely in the baccalaureate institutions as state investment has shifted away from the 4-year institutions toward the 2-year institutions. In 2005 the state investment in the 4-year institutions was approximately \$11 per gross square foot, compared to an investment of over \$27 per gross square foot in the 2-year colleges. As shown in Figure 5 below, the University of Washington received a record low of about \$6 per gross square foot of space.

Figure 5

**2005-07 State Capital Investment Averaged About \$11/Gross Sq. Ft.
For the 4-Year Institutions and About \$27/Gross Sq. Ft. for the 2-Year Institutions**



III. Unmet Capital Needs

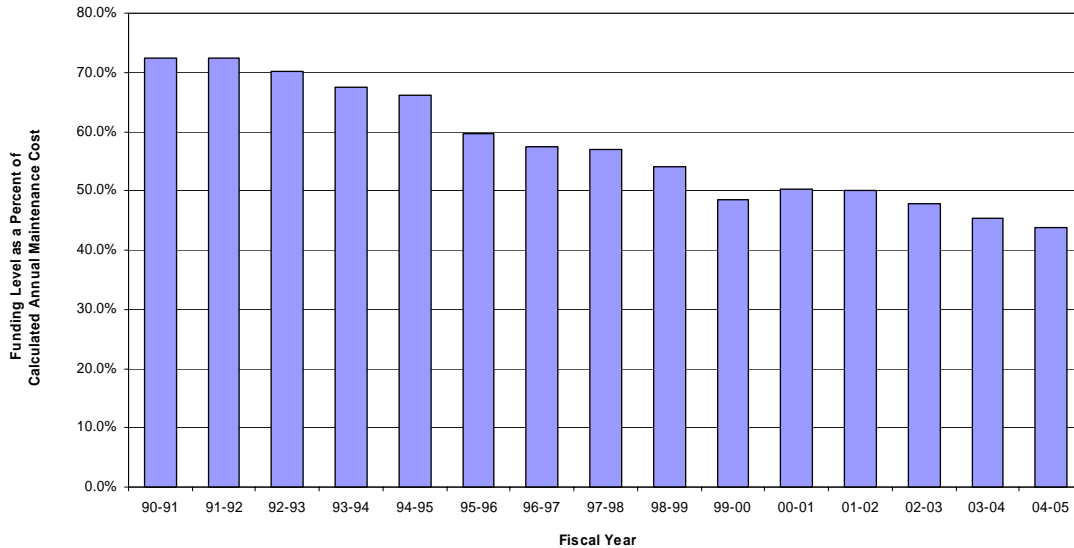
The capital needs that are not being met through the existing capital budget structure are reflected in the significant statewide backlog of higher education deferred facility preservation projects, the increasing constraints on program delivery due to building obsolescence, the increasing reliance on private donors, and the slow capacity growth in response to enrollment pressures.

The long term underfunding of operations and maintenance (O&M) for higher education facilities has contributed to the significant backlog of deferred renewal projects, putting further pressure on the higher education capital budget. Beginning in the 2003-05 biennium, O&M funding was moved from the operating budget to the capital budget, while agency operating budgets were offset by a corresponding amount. This shift has not resulted in any net new funding but has given the impression that the capital appropriations have increased.

In 1970, higher education institutions developed a formula for determining the appropriate level of O&M funding required to maintain facilities in good working order. Over time, the level of O&M funding has declined to the point that the University of Washington, for example, currently receives less than 50% of the recommended formula funding level for O&M as shown in Figure 6 below.

Figure 6

**University of Washington
Operations and Maintenance Funding
Has Declined to Less Than Half of the Original Funding Formula**



Budget composed of Facilities Services Building and Utility Maintenance (program category 092) budgets. Annual maintenance cost based on calculated Plant Operations and Maintenance formula.

When maintenance is not accomplished in accordance with recommended schedules, systems fail, often creating the need for more expensive capital projects. For example, when water pipes are not periodically replaced, they fail, causing water damage and creating the need for not only replacing the system, but also repairing the water damage.

The long term underfunding of O&M and facilities preservation has resulted in the accumulation of a significant backlog of deferred renewal projects. According to the Joint Legislative Audit and Review Committee's (JLARC) Higher Education Facilities Preservation Study³ Washington's public higher education institutions reported a statewide backlog of just over \$1.3 billion in deferred preservation projects. As was explicitly recognized by the JLARC report, this backlog excludes facilities modernization needs, and is therefore, only part of the story.

More recent approaches such as the "Needs Index", which as reported in JLARC's June, 2005 report on "Expanding the Comparable Framework"⁴, includes not only deferred preservation projects, but also deferred capital renewal and modernization backlogs. The report also cites an earlier survey that estimated the national average Needs Index at around 2.5 times the preservation backlog. Using a more specific assessment of deferred renewal and modernization projects (similar to the Needs Index approach) the University of Washington currently estimates its backlog of deferred renewal and modernization projects at over \$1 billion.

³ Joint Legislative Audit and Review Committee, Report 03-01 "Higher Education Facilities Preservation Study"; January 8, 2003.

⁴ Joint Legislative Audit and Review Committee, Report 05-10 "Higher Education Capital Facilities Studies: Expanding the Comparable Framework"; June 22, 2005.

Public agencies do not budget for “depreciation” *per se*, however, budgeting for renewal and modernization as a percentage of the current replacement value (CRV) of facilities is a nationally recognized approach. This depreciation allowance is intended to maintain the physical plant in good condition for its present use, and allow sufficient funds for modernization to alter facilities for changes in program use and codes. Applying a range of 1.5% to 3% depreciation funding formula to Washington’s existing higher education capital assets, and using a current replacement value (CRV) of approximately \$13.25 billion⁵ would indicate that between approximately \$200 million and \$400 million **annually** should be invested in these facilities just to maintain them in good working condition, and provide for reasonable adaptation and modernization projects. Clearly the current level of higher education capital funding does not align with the need for the ongoing investment in higher education required for both growth and depreciation.

As noted above, modernization project needs are specific to each individual institution and are directly related to the institution’s mission and program goals. Long term deferral of modernization projects results in spaces and buildings becoming obsolete for contemporary programs by virtue of having outmoded space configurations and technology. For example, at the University of Washington, class laboratories built in the middle part of the twentieth century are now inadequate for current teaching needs in terms of size, fume hood availability, and technology. The language labs that now rely on a high density of computers cannot be accommodated in decades old spaces that do not meet modern needs for air handling or electrical capacity. Across our campuses, facility constraints are affecting our ability to deliver modern instructional and research programs.

At the University of Washington, specific unmet facility needs are also reflected in the capital campaign project list, which includes six to ten major building projects for which the University is seeking private donor support.

The projected growth in enrollment demand will also continue to require growth in our higher education facilities capacity. We will need to continue the development of the branch campuses of the University of Washington and Washington State University, and will need to build new facilities at the established campuses in order to meet the demands of our population.

Based upon current enrollment participation rates, enrollments are expected to grow by 10,000 in the four year institution sector and 25,000 in the community college system over the next fifteen years⁶. For the four year institutions the increased enrollment, based upon current participation rates, implies that there is no enrollment increase to meet state objectives to increase bachelor and graduate degree production. Enrollment increases over the next fifteen years would require the creation of new capital facilities equal to that now existing for Eastern Washington University and two Bellevue Community Colleges to serve the existing proportion of students continuing enrollment beyond high school. Increased educational attainment would of course create even greater capital facilities need.

Higher education is perhaps the most important investment the state can make to assure lasting prosperity for our citizens. Higher education institutions have historically had a great capacity

⁵ \$13.25 billion is derived from escalating the \$11.5 billion total value cited in the Joint Legislative Audit and Review Committee, 2002 Comparable Framework Study, using the Engineering News Record cost index. This data excludes auxiliary unit facilities, such as housing, parking, hospitals and athletic facilities.

⁶ Office of Financial Management Higher Education Enrollment Forecast, 2004.

for enduring capital constraints; however the accumulated effects of long term underfunding of capital, such as deferred renewal, facility obsolescence, and inadequate capacity, are reaching a tipping point.

V. A Sampling of Alternative Capital Funding Models⁷

Throughout the United States, public higher education institutions are grappling with facilities needs that are far beyond the states’ financial capabilities. Recognizing the need to “ration” scarce state funds while ensuring the future of higher education institutions as key to economic well-being, many states have developed formulas, compacts, and other long-term funding strategies. The most advantageous of these funding approaches seem to fall within three broad categories: 1) Bringing new funds to the state higher education capital budget; 2) providing clarity and predictability regarding the future allocation of state higher education capital funds; and 3) providing incentives for other fund sources such as private giving and grants.

The following summaries provide a sampling of how some other states have addressed the challenges of public higher education capital funding, and the advantages and disadvantages of these various approaches. The states reviewed generally fall into the categories summarized in Table 2 below.

Table 2

General Funding Approaches for Public Higher Education Capital

STATE	FORMULA	COMPACT	MARKET	COMBINATION
California		X		
Ohio	X			
Massachusetts	X			
Michigan		X		
North Carolina				X
Minnesota				X
Connecticut		X		
Washington			X	

Definitions:

Formula – A funding approach that is used by the legislature to determine total appropriation levels or distribution of appropriations to individual campuses, based on quantifiable factors such as size, number of buildings, age, location, utilization, building type, complexity and productivity.

Compact – The legislature provides funding approvals in alignment with a shared agreement regarding needs and goals, including such factors as investment in growth, renewal and modernization needs, and facility condition and utilization.

Market – Each institution lobbies for funding for its highest priority capital needs in a competitive/legislative environment.

Combination – Any combination of the approaches listed.

⁷ Information collected from various institutional websites and contact with the institutions.

California

The May 2004 “Compact with Governor Schwarzenegger” addresses the capital program needs of the University of California (UC) and California State University (CSU) systems and includes a commitment to continue this level of funding through either (General Obligation) GO bonds or lease-revenue bonds through 2010-11. The Compact also addresses base budget allocations, enrollments, student fees, and other key program elements. Although the state funds only a portion of the University of California’s capital needs, there is a comprehensive shared view of capital investments needed to support the University’s programs based on growth targets and facilities standards. With the planned levels of funding each year, UC estimates it will construct sufficient space to achieve 90% of the standards for instruction and research space set by the California Postsecondary Education Commission (CPEC space standards) by 2010-11.

- The California Master Plan for Higher Education has served as the blueprint for the University of California and the California State University systems for over forty years.
- The University of California’s capital program is funded from a combination of voter approved bonds, lease revenue bonds, and other fund sources such as private giving and research grants.
- The University of California is granted autonomy under the state constitution.
- The State of California provided funding for capital outlay within the range of \$100 million to \$250 million per year for more than a decade from the mid-1980’s to the late 1990’s, based on major state higher education bond initiatives (with the exception of 1991-92 and 1994-95, when the voters defeated bond measures).
- Funding increased significantly in 2000-01 as lease revenue bonds were provided for a variety of projects, including \$600 million for hospital seismic safety and over \$300 million for the Science Institutes.
- Propositions 47 and 55, passed by the voters in 2002 and 2004 in combination with additional lease revenue bonds, have provided UC with an average of about \$345 million per year through 2005-06.
- In exchange for this commitment of long-term stable support, UC and CSU have committed to accountability goals for enrollment, resource utilization, student fees, financial aid, and program quality.
- The University of California estimates it will need at least \$600 million per year in capital funding for core academic space, about half or more of which would be used for projects related to enrollment growth, and the other half for projects related to seismic and life-safety needs, infrastructure, and renovation of space that can no longer support the academic program.
- As part of the Compact with Governor Schwarzenegger, the University of California has committed to make every effort to maximize other funds sources, such as private giving and Garamendi (revenue-reduced) financing, to help meet its capital needs.

Advantages of the California compact are clarity, predictability and a shared vision of outcomes. Disadvantage is that ongoing funding is reliant on future voter approvals.

Ohio

Ohio has determined that the state needs to focus on taking care of what it has in terms of higher education facilities. Ohio has a significant backlog of deferred maintenance and the state is experiencing a time of stable enrollments.

- Since 1965, The Ohio State University has distributed state funds on a formula driven basis.
- Ohio has determined that the size of its higher education institutions is about at the national average when compared to overall population, square foot per student and other parameters.
- Ohio is currently experiencing stable enrollment, at a time when funding is limited, and a substantial amount of deferred maintenance (perhaps as much as \$4 to \$5 billion) has accrued in existing facilities.
- Therefore current funding policies call for prioritizing the use of funds, including state funds, to enhance or improve existing space and reduce operating costs. General principles for capital funding include:
 1. Central funds will not be used to increase academic or administrative space assigned to a unit unless the increase is paid for by the benefiting unit, or the funds are being reallocated from elsewhere.
 2. Central funds will not be committed to additional operating costs.
 3. Capital and operating costs for additional research space should come from increased cost recoveries.
 4. Additional space for non-general fund units should be funded by that unit and meet the space service needs of the University.
 5. Fundraising is an important consideration but fundraising does not guarantee matching funds independent of the criteria above. Fundraising is particularly encouraged for upgrades and renovations that do not require additional central support.
 6. Use of University bonds and other credit instruments may be requested where a repayment mechanism can be identified. However, availability of this funding source is extremely limited and must be specifically approved as part of the project review approval process.
 7. The ability to document and track proposed benefits of the project as to the Academic Plan will be an important consideration in choosing among competing projects.

Advantages of the Ohio approach to capital funding are clear expectations about state funding, and an ability to address the backlog of deferred capital renewal projects. Disadvantage is that the state has determined that it is currently unable to invest in new programs.

Massachusetts

Massachusetts has acknowledged a significant backlog of deferred maintenance, currently pegged at well over half a billion dollars. At the same time, the state is struggling with the balance between an aggressive facility construction program, and the need to reform construction management processes to increase effectiveness and agility.

- Massachusetts' Endowment Incentive Program matches private donations to public colleges and universities with state-appropriated funds. The program was established based on a review of such programs around the country. (According to the Association of Governing Boards of Universities and Colleges (AGB), twenty-four states have instituted government matching fund programs to support a range of funding needs from endowed chairs to capital projects.)
- The March, 2005 Report of the Senate Task Force on Public Higher Education included the following specific recommendations regarding capital funding for quality and capacity:
 1. Increase the support for public campuses to the level necessary for success by fully funding the capital investment formula developed in the mid-1990's.
 2. Eliminate the two-year budget cycle and instead require public institutions to submit a yearly request to the Board of Higher Education.
 3. Borrow \$1.7 billion over the next five years through general obligation bonds for the University of Massachusetts.
 4. Transfer responsibility for managing UMass building projects from the state to the University as a pilot program for five years, and delegate full authority for leasing of facilities to the University.
 5. Borrow \$1.2 billion over the next ten years for the Massachusetts state and community colleges.

Advantages of Massachusetts capital program include high incentives for research enterprise growth and private giving due to clear commitments from the state over a long period of time. Disadvantage or "risk" is that a significant investment from the state will be needed over a five to ten year period to address identified deferred capital needs, and accomplish the planned expansion of research facilities.

Michigan

- In 1850, the University of Michigan was granted constitutional autonomy, making it the first institution in the country to be afforded such status.
- In 1963, Michigan rewrote its constitution and once again included constitutional status for all universities in the state. Based on this status, individual boards have the power to set tuition and to determine how their state appropriations will be spent.
- Uses a facilities depreciation policy of 2 ½% of current replacement value as a funding benchmark.

Advantages of Michigan's approach include recognition of the need to address facility depreciation, and institutional flexibility to balance priorities across operating and capital requirements.

North Carolina

- The University of North Carolina (UNC) at Chapel Hill has developed a comprehensive ten-year capital needs assessment totaling \$1.6 billion.
- A considerable number of additional modernization and expansion projects have been excluded from this total, and are being held for consideration as long-range projects.
- UNC-Chapel Hill has great potential for private fundraising and is fostering this through clear partnership understanding with the state.

- Recognizing that the state cannot meet all of its needs, the campus has developed a matrix of funding responsibilities that relies on the state for about 50% of the total ten-year plan need, with the remaining 50% being provided by a combination of private fundraising (13%) and self-liquidating funds (37%).

Advantages of North Carolina's approach include significant support from the citizens of the state based on recognition of higher education's importance to the state's future, facilities needs, and clear principles regarding funding responsibilities.

Connecticut

- Connecticut is nearing completion of a \$1 billion UConn 2000 capital investment program, and has started a \$1.3 billion UConn 21st Century Capital investment program. Almost all of this is state money.

Advantages of Connecticut's approach include a strong recognition of the importance of the research components of higher education to the economic future of the state.

Washington

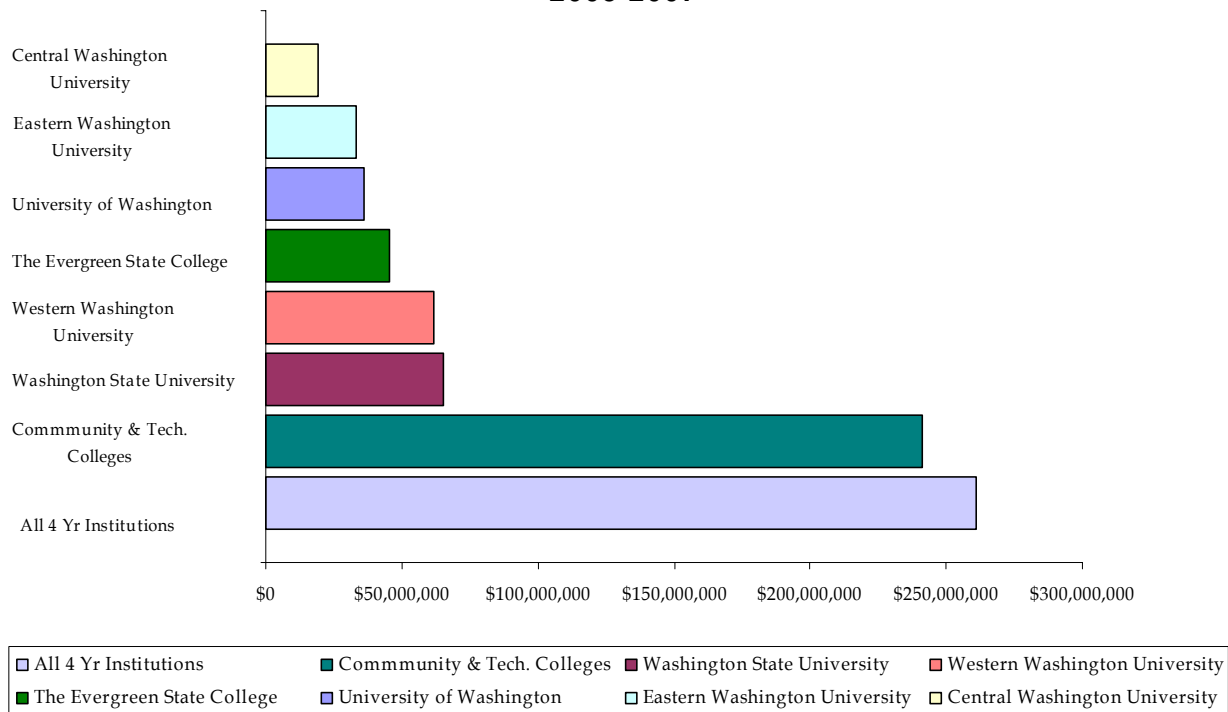
- The Washington State Baccalaureate Institution Prioritized Capital Project List - Prior to 2003, the baccalaureate institutions each submitted capital budget requests to the state reflecting their highest priorities for capital funding, and the SBCTC submitted a prioritized list on behalf of the 34 community and technical colleges. In 2003, the legislature and the governor enacted Engrossed Substitute House Bill 2151 (HB2151) requiring the public 4-year institutions, in consultation with the Higher Education Coordinating Board and the Council of Presidents, to prepare a single prioritized individual ranking of institutional capital projects. The list was developed and submitted to the governor and the legislature, supported by the traditional institutionally specific capital budget requests in the 2005 legislative session. (Appendix B provides a summary view of the baccalaureate institutions' prioritized list and the final legislative capital funding approvals for 2005-07.)
- Building Washington's Future Act - Also in 2003, the "Building Washington's Future Act" (also known as the Gardner-Evans Act), provided for the issuance of \$772,500,000 in state general obligation bonds over a three biennia period beginning in the 2003-05 biennium. The intent of the legislation was that this new source of funding not displace pre-existing funding levels for the capital and operating budgets of the higher education institutions. Instead, it was the intent of the legislation that the new funding allow the institutions, to use the pre-existing level of capital funding to provide for urgent preservation, replacement, and maintenance needs that had been deferred, while the new funding would provide for new instruction and research capacity as well as major preservation projects.

A total of approximately \$480 million in funds authorized by the Gardner-Evans Act have been appropriated to date, with about half of the funding going to the community and technical colleges. And, although these funds increased the dollar amounts going to higher education, the higher education proportion of the total state capital budget has generally not increased, and the unmet capital needs in higher education continue to grow. (During the past two biennia of higher than usual state capital budgets, higher education's share did not increase proportionately to the other sectors of state government, even with the inclusion of the Gardner-Evans funds.) (Figure 7)

The “Building Washington’s Future Act”, and the baccalaureate prioritized list both recognize the importance of wise investment in higher education facilities, but they will not be able to address the longer term issues related to the level of investment needed to support Washington’s public higher education system.

Figure 7

**Gardner-Evans Funding Impact
2003-2007**



IV. Where Do We Go From Here?

Public higher education is crucial to our state’s social and economic future. Skillful and responsible management of our state’s higher education physical plant assets is critical to the delivery of instructional, research, and public service programs, and to the long-term well being of the state. Capital funding trends that have developed in Washington over the last two decades have dramatically eroded our ability to successfully steward the state’s significant higher education facilities assets. All indications are that continuation of the current funding approach will result in the state continuing to fall further behind in providing needed levels of investment for higher education facilities preservation, modernization and expansion.

With focused discussion on our future goals and the strategic approaches that might be possible, we can begin to define the methods that will work best for our state. Working together we can develop a plan that will provide sustainability, reliability, partnership, and a shared vision of outcomes and accountability between the Governor, the legislature and the institutions, and the citizens of Washington.

2005-07 Washington State Capital Appropriations Bill, Section 933.

The University of Washington shall examine various models for the ongoing management of capital facilities investments used by other organizations, including other higher education institutions. These models should reflect the various interrelated aspects of facilities management and investment including operations and maintenance, minor capital projects, and major projects to renew or expand existing facilities. The models should also evaluate the respective funding responsibilities of the university and other interested parties, and the respective roles of state operating accounts, state capital accounts, local tuition and building fee accounts, and external funds in the management of such capital facilities. The university should assess these models with respect to the strengths and weaknesses of systemically addressing the long-term management and investment needs of the facilities, and submit a report of these findings by January 1, 2006, to the governor, the house of representatives capital budget committee, and the senate ways and means committee.

**Public Baccalaureate Prioritized Capital Project Request
And State Appropriations
2005-07**

Institution	State Funds Requested	State Funds Appropriated⁸	Difference
University of Washington	157,000,000	69,850,002	87,149,998
Washington State University	173,900,000	93,900,002	79,999,998
Western Washington University	75,680,000	60,938,002	14,741,998
Eastern Washington University	36,700,000	27,716,002	8,983,998
Central Washington University	32,100,000	10,700,002	21,399,998
The Evergreen State College	28,600,000	25,350,002	3,249,998
TOTAL	503,980,000	288,454,012	215,525,988

⁸ Totals do not include operations and maintenance funding appropriated as “Preventive Facility Maintenance and Building System Repair”, and reduced from agency operating budgets.