

# CAPITAL BUDGET HIGHLIGHTS

## SUMMARY

The 2003-05 proposed Senate biennial capital budget totals \$2.6 billion. Of this amount, \$1.3 billion in capital spending is from a variety of non-bond accounts, the largest being the Common School Construction Account, the Public Works Assistance Account, Water Pollution Control Account and the newly created Higher Education Facility Preservation Account.

The remaining \$1.3 billion of general obligation bond proceeds make up the balance of the Senate capital budget. The largest recipient of bond funding is Higher Education, receiving almost half of the total, followed by Human Services (including Corrections), which receives almost 20 percent.

	<b>Bond Funds</b>	<b>Total Funds</b>
Governmental Operations	\$138,090,000	\$474,974,000
Human Services	254,191,327	324,620,617
Natural Resources	181,495,604	537,390,173
Transportation	24,510,000	24,510,000
Higher Education	607,788,889	797,420,815
Public Schools	122,050,000	401,806,903
Other Education	9,428,200	9,428,200
<b>Projects Total</b>	<b>\$1,337,554,020</b>	<b>\$2,570,150,708</b>

## DEBT LIMIT

The current general obligation bond debt limit allows approximately \$950 million in spending from bonds during the 2003-05 biennium. To permit the total of \$1.3 billion of bonds in this budget, the Senate proposes increasing and streamlining the statutory debt limit. The current statutory debt limit equals 7 percent of state general revenues, however it includes many exceptions and exemptions so that in reality it could be considered an “8 percent limit” when compared to the constitutional 9 percent ceiling. SSB 5402 (the bond bill) increases the statutory debt limit to 8.5 percent and at the same time align the definitions with the 9 percent constitutional limit. These changes will make it easier for policy makers and the public to know exactly how close the budget is to the constitutional debt limit.

Increasing the debt limit allows the Senate to borrow an additional \$350 million for a total of \$1.3 billion in bond-funded projects. The borrowing is authorized in two bills. In addition to the \$1.2 billion authorized in SSB 5402, bonds are proposed in SSB 5980 (the so-called “Gardner/Evans” bill.) This legislation authorizes \$1.0 billion over the next

five biennia for higher education capital construction. A total of \$170 million of this amount is appropriated in the 2003-05 capital budget.

## **HIGHER EDUCATION**

The Senate budget sharpens the focus on capital investments to preserve existing structures that support the fundamental missions of state colleges and universities. Starting to make the structural changes recommended by the Joint Legislative Audit and Review Committee, the Senate proposes \$367 million in building and infrastructure preservation projects next biennium of which \$151 million is the first step to stabilize and reduce a \$1.3 billion backlog by 2010. The Senate proposes investments over the next decade to bring up average facility conditions for all state colleges and universities. To achieve this policy goal by the end of the decade, larger shares of higher education capital spending need to flow towards research institutions and community colleges in the early years. Substitute Senate Bill 6049 embodies key principles that frame this budget proposal.

The Senate's 2003-05 capital plan emphasizes renewal of marginally functional space, especially space that was inexpensively constructed during the sixties and seventies for the community and technical colleges. New space will be constructed to replace many out-dated structures, building systems and portables with sound, modern and permanent instructional space. Of the \$608 million proposed new spending in the Senate's higher education capital budget, \$353 million is allocated for two-year colleges. Construction and design activity involve projects at 34 individual college districts. This investment will also bolster and stimulate local and regional economic recovery.

The Senate plan strikes a balance between large, individual project requests, within available funds, by considering the deferred value of preservation improvements contained in those major renovations. Not every one but many high-priority, high-impact projects for individual campuses are addressed. To pay for this historically large budget while tackling the preservation backlog, the Senate also uses the debt financing and long-term authorization concept put forward to lawmakers by former governors' Gardner and Evans on behalf of the higher education community.

The Senate 10-year plan assumes \$1.0 billion in new borrowing for higher education capital construction projects, over the next five biennia. The first installment of \$170 million finances construction of university centers at Highline in De Moines and Clark College in Vancouver; expansion of Pierce College in Puyallup for health career preparation; renovation of music rehearsal and practice room facilities at Central Washington University; modernization and reconfiguration of the 1960's-era Daniel J. Evans Library Building at The Evergreen State College, among others. Design for a new shared bio-product research facility in the Tri-Cities is backed by these new "Gardner/Evans" bonds as would be design and eventual construction of a new Nursing School facility on the Riverpoint Campus in Spokane and partial financing to restore Johnson Halls for science faculty and students at both the University of Washington and Washington State University by 2007.

## **K-12 EDUCATION**

The Senate capital budget provides \$402 million in new appropriations for K-12 construction grants for both projects and skills center improvements. The funding sources include: \$122 million from State general obligation bonds; \$67 million from the Education Construction Account, \$27 million from the Education Savings Account, and \$40 million in bonds that result from the \$50 million Trustland Transfer Program.

In addition to fully funding the “base” K-12 construction matching grants with \$365 million in appropriations, the Senate budget provides \$33 million to enhance the area cost allowance. Sufficient funding is provided to increase the area cost allowance to \$125 in FY 2004 and \$130 in FY 2005, compared to \$110 per square foot currently.

Skills centers will receive \$2 million for capital improvements and instructional equipment. This completes an effort to update vocational and technical education at the secondary school level.

### **OTHER K-12 PROJECTS**

A total of \$4.8 million is provided from bonds for grants to school districts for security upgrades and the implementation of school mapping technologies in the Criminal Justice Training Commissions budget. Additionally, \$250,000 is provided for emergency evacuation planning efforts related to the Orting School District.

In the Department of Community, Trade and Economic Development’s section of the budget, \$2 million is provided from State Bonds for the Chewelah Peak Environmental Learning Center. The center will provide extended outdoor education, leadership and diversity training camps for public and private school students in eastern Washington.

It should be noted that the Senate capital budget does not provide the \$19.8 million in funding for the campus redevelopment project at the School for the Deaf that was included in the Governor’s proposed capital budget. The Senate budget instead provides funding to conduct a comprehensive examination of the appropriate role of the School for the Deaf in the education and training of hearing impaired children in the state both now and in the future based on current enrollment trends and the most cost-effective service delivery models.

## **HUMAN SERVICES**

### **DEVELOPMENTAL DISABILITIES**

The Senate capital budget funds projects at various Residential Habilitation Centers necessary to consolidate vacancies and close the Fircrest School as prescribed in ESB 5971. The capital plan for the closure of Fircrest includes the cost of renovating vacant cottages at Rainier School, Yakima Valley School and Lakeland Village; \$7.8 million for constructing a new 60-bed skilled nursing facility at Rainier School; and a new 16 bed

nursing facility at Yakima Valley School; \$2.5 million in infrastructure projects at Rainier; as well as costs to secure the Fircrest property pending decisions about the disposition of the surplus property. The eventual savings achieved by consolidating vacancies in the state institutions and by the disposal of surplus land are intended to support the needs of persons with developmental disabilities living with elderly parents, transitioning from high school to employment, and living with families who need respite care.

## **MENTAL HEALTH**

The Senate capital budget funds the completion of the \$51 million, 240-bed legal offenders unit, and the final phase of the project to renovate the cottages at the Child Study Treatment Center at Western State Hospital.

## **DEPARTMENT OF CORRECTIONS**

In response to an inmate population increase and the need for more maximum security (close custody) beds, the Senate capital budget provides \$133.9 million for a new North Security Compound at the Washington State Penitentiary in Walla Walla. This will provide an additional 768 close custody beds and 100 intensive management unit beds by fiscal year 2007. Another \$18.7 million will construct a 100-bed intensive management unit at the Monroe Correctional Complex, and \$17.8 million will remodel 324 medium custody beds to close custody at the Washington State Penitentiary.

In addition to critical infrastructure projects at McNeil Island Corrections Center and the Washington State Penitentiary, \$4.7 million is provided for the Department of Corrections' share of a regional water and wastewater system in Mason County, in conjunction with local governments and the Washington State Patrol.

A total of \$500,000 is provided for a comprehensive master plan of the entire correctional system, to include infrastructure, facility, and security needs, and means to improve capital and operating efficiencies.

## **JUVENILE REHABILITATION ADMINISTRATION**

The Senate budget provides \$3.6 million for infrastructure improvements at Maple Lane School in Centralia and Echo Glen School in Issaquah. In addition, \$200,000 is provided for an updated master plan in light of a declining juvenile population. Pending the results of the master plan update, several renovation projects are postponed in this budget.

## **OTHER PUBLIC SAFETY**

For the Military Department, the Senate budget provides \$4.8 million for a new Readiness Center in Spokane, to be matched by \$8.8 million in federal funds.

The Senate budget also funds three Washington State Patrol laboratories, including \$2.5 million to complete the Toxicology Lab in Seattle, \$11.4 million to construct a new crime lab in Spokane, and \$10 million for initial construction on a crime lab in Vancouver.

## **NATURAL RESOURCES**

### **SALMON AND WATER**

The Senate budget continues significant investments in programs supporting salmon recovery; protection of water quality and meeting the competing needs of water users. These include: \$48 million for grants to communities for water conveyance and wastewater treatment systems; \$13.6 million for water supply facilities, including the design of Black Rock reservoir; \$43 million for grants by the Salmon Recovery Funding Board; \$12 million to bring fish hatcheries into compliance with the Endangered Species Act; and \$3 million to acquire easements from forest landowners as part of the Forest and Fish Agreement.

Additional funding for water quality improvement is made through the Conservation Commission grant programs totaling \$6.3 million.

### **RECREATION AND HABITAT**

Funding provided for recreation and habitat programs includes \$40 million for the Washington Wildlife and Recreation Program, \$5.4 million for Aquatic Lands Enhancement Grants and \$50 million for Trust Land Transfer program.

### **STATE PARKS**

State Parks receives \$30 million of which \$11.6 million is provided for facility preservation and \$7.3 million is for specific park improvements at Fort Canby (associated with the Lewis and Clark Bicentennial), Deception Pass and Fort Worden.

### **TOXIC CLEAN-UP**

A total of \$45 million is provided for the Department of Ecology to make grants to local governments to prevent improper disposal of toxic substances and to clean-up toxic contamination.

### **FISH & WILDLIFE**

The Department of Fish and Wildlife receives a total of \$45.5 million. In addition to the salmon recovery activities identified above, \$1.4 million is provided for the first phase of the developing the Deschutes Hatchery and \$3.9 million is provided for a new Region 1 Office to be located at Mirabeau Point in Spokane.