

**STATE OF WASHINGTON
STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES
RESOLUTION 24-05-29**

A resolution relating to the 2024 enacted supplemental operating budget and the fiscal year 2024 supplemental and fiscal year 2025 allocations.

WHEREAS, the State Board for Community and Technical Colleges submitted a 2024 supplemental operating budget request to make significant improvements in the funding provided for fiscal year 2025; and

WHEREAS, the 2024 legislature passed a 2024 supplemental operating budget with funding for fiscal year 2025 outlined in Attachment A and minor adjustments to fiscal year 2024 outlined in Attachment B; and

WHEREAS, the State Board for Community and Technical Colleges has maintained enrollment rules associated with the allocation of state funds as outlined in Attachment A; and

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes the allocation of supplemental funds for fiscal year 2024 and the allocation of annual funding and enrollments for fiscal year 2025; and

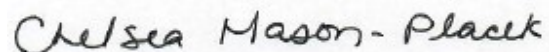
BE IT FURTHER RESOLVED, that the State Board for Community and Technical Colleges authorizes the Executive Director to make adjustments to this action, including any necessary changes to the State Board's Policy Manual, as necessary, for actions taken by the Governor, Legislature, data corrections, externally imposed restrictions or guidelines, uniform accounting and reporting requirements, and unanticipated changes in state or federal law.

APPROVED AND ADOPTED on May 9, 2024

Attest



Paul Francis, secretary



Chelsea Mason-Placek, chair

FY 2025 Operating Budget Allocation

Allocation Model Components	FY 2024	FY 2025 <i>Dollars in millions</i>
<p>Minimum Operating Allocation</p> <p>The model assumes every college requires a minimum amount for campus operations. Each college receives \$2.85 million annually. These funds are intended to support facility operations and maintenance. A small portion of this funding (\$11.4 million) comes from the capital budget due to a 2003 fund swap where the Legislature replaced state operating funds for maintenance and operating with capital projects account funding. The remaining \$85.5 million comes from the operating budget.</p>	<p>\$85.5 Operating \$11.4 Capital</p>	<p>\$85.5 Operating \$11.4 Capital</p>
<p>Performance Funding</p> <p>Student Achievement Initiative</p> <p>Five percent of the total state appropriation is committed to performance funding in the allocation model. Included in this amount is \$5.25 million provided annually through a proviso for performance funding in the enacted budget. This allocation is based upon points and performance outcomes in the 2022-23 academic year.</p>	<p>\$57.3</p>	<p>\$61.3</p>
<p>District Enrollment Allocation Base</p> <p>Provides base funding in accordance with each district’s annual enrollment target. The State Board has retained the system enrollment target of 139,927, which was included in the state operating budgets until 2017. District targets are a share of the system target based on a rolling three-year average of their enrollments. However, in recent years colleges have struggled to meet their targets due to declining enrollment levels. In FY 2025 none of the colleges will exceed their target. In FY 2025, each FTE has a value of \$3,637. That is \$133 higher per FTE than in FY 2024.</p>	<p>\$459.0</p>	<p>\$476.4</p>
<p>Priority Weighted Enrollments</p> <p>Under the allocation model, four enrollment categories receive an additional weight of 0.3 (a value of \$1,091) per student FTE. As indicated below, the skills gap and adult basic education categories make up the bulk of these enrollments. Enrollment in adult basic education increased in academic year 22-23, increasing their share of weighted enrollments by 6%. Skills Gap and STEM enrollments reflect a slight decrease, dropping their share of weighted by -3% and -1.3% respectively. Upper-level Applied Baccalaureate enrollment held steady, only experiencing a nominal decrease. The total number of FTE in the weighted categories increased by approximately 2,400. The breakdowns on non-duplicate enrollment are as follow:</p> <ol style="list-style-type: none"> 1. Skills Gap – 42% 2. Adult Basic Education – 39% 3. STEM – 16% 4. Upper-level Applied Baccalaureate – 7% 	<p>\$52.6</p>	<p>\$58.4</p>
<p>TOTAL OPERATING BUDGET ALLOCATION MODEL</p>	<p>\$654.4</p>	<p>\$681.6</p>

Safe Harbor Components

In simple terms, “safe harbor” means funds held outside the allocation model for specific purposes. There are three categories of funding within safe harbor. Each is described below, and the corresponding allocation components follow the description.

Compensation, maintenance and operations (M&O), and leases earmarks – Compensation funding includes: wage increases, health benefit rate changes, paid family leave and pension rate change. Annual compensation funds have been distributed based on each district's share of salary expenditures in the prior fiscal year. Based on the policy adopted in 2017, annual allocations for employee compensation, building M&O, and lease increases are held in safe harbor for four years. In the fifth year, the annual allocations that have been held in safe harbor for four years will be added to the enrollment base funding in the allocation model. *For example, a wage increase for FY 2020 is held in safe harbor from FY 2020 to FY 2023. In FY 2022, \$21 million in compensation, M&O, and leases that were placed in safe harbor in FY 2018 will be rolled back into the allocation model.*

Compensation, M&O, and Leases Earmarks (held in safe harbor four years)

I-732 Cost of Living Adjustment (COLA)	\$33.5 million
The budget provides authority for an I-732 COLA at the rate of 5.834 percent for fiscal year 2024. I-732 funding is provided to faculty at all colleges and classified employees at the technical colleges.	
General Wage Increases and WPEA and WFSE Represented Classified	\$9.9 million
The legislature provided a 3% salary increase for non-represented, exempt employees.	
Employee Health Insurance Contributions	\$3.2 million
The Public Employee Benefit Board (PEBB) rate will increase to \$1,170 per employee per month in FY 2025, a \$25 increase from the current year.	
Pension	\$ -1.0 million
Includes ESSB 5294 adjustments related to significant overfunding of PERS 1 due to the UAAL funding policy.	
Maintenance & Operations	\$1.5 million
These funds are related to maintaining newly completed buildings expected to open in FY 2025 at Bates, Bellevue, Clark, Everett, Lake Washington, Spokane, and Tacoma.	

State Board Earmarks – Funds in this category often began as legislative provisos but are now included in the State Board’s base funding from the State. These funds are usually dedicated for specific purposes or programs identified as a high priority of the State Board, such as aerospace enrollments, centers of excellence, and opportunity grants. Generally, they are distributed based on State Board policy and under the guidance of the Executive Director with methods unique to the purpose or program.

State Board Earmarks - Ongoing Programs and Funds Dedicated for Specific Purposes

	FY 2024	FY 2025	<i>Change</i>
Adult Basic Education Enrollments & Program	550,547	550,547	0
Aerospace Apprenticeships	2,720,407	2,720,407	0
Aerospace Enrollments (1000 FTES)	8,000,000	8,000,000	0
Centers of Excellence	2,041,570	2,041,570	0
Corrections Education Contract	597,310	597,310	0
Disability Accommodations	1,740,806	1,740,806	0
Hospital Employee Education & Training	2,039,306	2,039,306	0
Goldstar Families – HB 2009	381,000	381,000	0
Opportunity Grants	12,500,000	12,500,000	0
Postsecondary Education SSHB 1835	1,500,000	1,500,000	0
Students of Color	1,011,628	1,011,628	0
Workforce Development Projects	1,569,945	1,569,945	0
Total	34,652,519	34,652,519	0

State Board Earmarks - Specific colleges

	FY 2024	FY 2025	<i>Change</i>
Alternate Finance Project Debt Service (Bellingham Technical, Clover Park Technical, Green River, Lower Columbia, and Skagit Valley)	10,684,000	10,684,000	0
Employment Resource Center (Edmonds)	1,139,716	1,139,716	0
Labor Education and Research Center (So. Seattle)	162,868	162,868	0
Maritime Industries (Seattle)	255,000	255,000	0
2020 Regional Pay – King County	8,836,000	8,836,000	0
University Contracts (Edmonds, Olympic, Pierce)	942,621	845,503	-97,118
Total	22,020,205	21,923,087	-97,118

Legislative Provisos – Legislative provisos are usually provided on an ongoing or one-time basis for specific programs or projects of interest to state policy makers. The enacted 2024 supplemental budget bill includes 67 monetary provisos with funding dedicated to specific uses. These funds are restricted to those uses as described by the legislature.

Legislative Provisos

\$292.1 million

	FY 2024	FY 2025	<i>Change</i>
Allied Health Programs (Peninsula and Seattle)	775,000	775,000	0
Apprenticeship & Higher Ed ESSB 5764	954,000	1,068,000	114,000
Bachelor of Science in Computer Science	0	1,140,000	1,140,000
Career Connect Washington Enrollments	3,000,000	3,000,000	0
Behavioral Health Credentials (Highline)	150,000	150,000	0
Centers of Excellence	631,000	631,000	0
Center of Excellence – Aerospace & Advanced Mfg.	150,000	150,000	0
Center of Excellence Aerospace	100,000	100,000	0
Center of Excellence Cybersecurity	205,000	205,000	0
Center of Excellence Hospitality	0	257,000	257,000
Civic Ed and Leadership Training	100,000	100,000	0
Climate Curriculum Development (CCA fund)	0	475,000	475,000
College Affordability Program	23,748,000	24,601,000	853,000
College in the High School Courses	250,000	250,000	0
College in the High School 2SSB 5048	2,682,000	2,747,000	65,000
Compensation/Foundational Support	15,220,000	15,220,000	0
Compensation Fund Split	19,850,000	35,024,000	15,174,000
Construction Training/DOC 2SHB 2084	0	11,000	11,000
Cybersecurity 500 Enrollments	4,668,000	4,668,000	0
Dental Therapy Education	1,000,000	1,100,000	100,000
Diversity in Higher Education (SB 5227)	3,534,000	2,925,000	-609,000
DEI Continued Support	6,000,000	6,000,000	0
Dual Credit CTE	350,000	350,000	0
Early Achievers Grant Supports	0	801,000	801,000
Equity and Access in Higher Education (SB 5194)	10,237,000	10,236,000	-1,000
Fabrication Wing Training Program (Edmonds)	1,500,000	1,500,000	0
Federal Way Ed Initiative (Highline)	500,000	500,000	0
Financial Aid Outreach w/ CBOs	2,720,000	2,720,000	0
Guided Pathways*	41,932,000	41,932,000	0
Healthcare Access	80,000	0	-80,000
Healthcare Pathways (Olympic College)	0	204,000	204,000
High Demand Enrollments	1,000,000	1,000,000	0
High Demand Faculty Salaries	20,000,000	20,000,000	0
Higher Ed Opioid Prevention 2SHB 2112	0	412,000	412,000
I-BEST	750,000	750,000	0

Imaging Science Expansion (Tacoma CC)	0	150,000	150,000
Incarcerated Students SSB 5953 Advising	0	819,000	819,000
Invest in WA Fund - Workforce Development	0	92,000	92,000
Job Skills Program	7,725,000	7,725,000	0
Labor Education Research Center (So. Seattle)	338,000	338,000	0
Law Enforcement Workforce Workgroup	160,000	40,000	-120,000
Low Income Student Housing Study	0	275,000	275,000
Manufacturing Apprenticeship RSI	0	200,000	200,000
Maritime Academy & Maritime Apprenticeship	528,000	527,000	-1,000
MESA Community College Programs	2,062,000	2,062,000	0
Nurse Educator Salary Increase	20,400,000	20,400,000	0
Nurse Enrollment Increases	3,360,000	4,560,000	1,200,000
Nurse Supply ESSSB 5582	293,000	589,000	296,000
Opportunity Center for Employment and Ed	216,000	216,000	0
Opportunity Grants Health Workforce	4,000,000	4,000,000	0
Outreach Specialist Expansion	0	425,000	425,000
Performance Funding (SAI)	5,250,000	5,250,000	0
Planning & Permitting Workforce	0	25,000	25,000
Refugee Education	3,228,000	4,228,000	1,000,000
Renton Tech RS and Adult Ed Outreach	443,000	480,000	37,000
Retail Industry Work Group SB 6296	0	12,000	12,000
SIM Lab Equipment Operations and Maintenance	1,600,000	1,600,000	0
Student Assistance Grants HB 1893*	4,750,000	4,750,000	0
Student Needs SSHB 1559 Benefits Navigator	2,618,000	3,171,000	553,000
Students Experiencing Homelessness*	3,796,000	4,122,000	326,000
Truck/School Bus Driver Training	3,000,000	3,000,000	0
Veteran Supports (Edmonds)	0	85,000	85,000
Wolf/Rush Benefits Litigation	2,068,000	2,068,000	0
Wildfire Prevention Program (Wenatchee)	157,000	157,000	0
Worker Retraining*	39,759,000	39,759,000	0
Total	267,837,000	292,127,000	24,290,000

*Includes some earmarked funds

Other Funding Outside the Allocation Model

State Board Operations, IT Services, Central Services and System Reserves \$41.4 million

State Board agency operations, including its IT support division, have a FY 2025 budget of \$18.8 million. That is a 3.2 percent increase over last year.

System reserves include:

- \$ 13.2 million for central service charges
- \$ 3.9 million for the self-insurance premium
- \$ 2.5 million for supplemental pension plan payments
- \$ 3.0 million in system reserves for unanticipated expenses
- \$22.6 million held in reserve July 1, 2023

State Board Bill Related Earmarks and Provisos \$155,000

\$18,000	Careers in Retail HB2019
\$16,000	Postsecondary Enrollment
\$121,000	System Out-of-State Payroll Specialist

Innovation Account Funding – Two Percent of Tuition Dedicated to the Innovation Account

As recommended by college presidents and in accordance with Resolution 21-06-37, the percentage of tuition dedicated to the Innovation Account will remain at 2%.

Allocation Methods for Significant New Funding

FY 2025	Amount	Presidents' & Staff Recommendations for Allocation
Early Achievers Grant Supports	\$801,000	\$25,000 for each college receiving Early Achiever Grant funds, with additional resources allocated to the colleges with the longest wait lists.
Incarcerated Students Financial Aid and Academic Advising	\$819,000	Equal distribution to the seven districts with Prison Education Programs.
Student Needs HB 1559 Increase	\$553,000	Additional \$16,000 per college for benefits navigator position. Total funding for each college in FY 2025 will be \$65,000.
Refugee Education	\$1.0 million	Additional funds will be made available to colleges with an influx of refugees based on expressed interest.
Workforce Education Invest in WA Account	\$92,000	Will fund one additional Workforce Development project using the existing application process.

SBCTC Enrollment Allocation Rules FY 2025

Enrollment Type	Description																				
District Enrollment Allocation Base (DEAB)	<p>Districts receive annual enrollment targets that determine their share of the base enrollment funding (a total of \$476 million in FY 2025). Targets have been set based on an average of districts' actual enrollment in the last three full academic years. The method for setting annual district enrollment targets follow these calculation rules, passed by WACTC (the association of college presidents) June 2, 2017.</p> <ol style="list-style-type: none"> 1. Districts over target will not have their target increased higher than their three-year average actuals, and districts under target will not have their target decreased lower than their three-year average actuals. 2. Districts over target will not lose enrollment FTE and districts under target will not gain enrollment FTE. 3. If ALL districts are under target or over target, there will be no FTE redistributed. Targets will remain flat. 4. If some districts are over target and some are under target, the formula will only redistribute as many enrollments as are needed to reach the system target of 130,980. <p>Specific calculations for each district are reported quarterly in the Enrollment and Allocation Monitoring Reports published by the Research Division.</p>																				
Priority/Weighted Enrollments	<p>Four categories of student enrollments receive an additional 30 percent weight for funding purposes. Those include:</p> <ol style="list-style-type: none"> 1. Basic Education for Adults. 2. STEM courses. 3. Upper division applied baccalaureate courses. 4. Mid-level "skills gap" courses as identified by the Workforce Training and Education Coordinating Board. <p>In 2022-23, the year used for FY 2025 funding, approximately 41 percent of all state enrollments fell into the priority enrollment category. Across the system this weighting results in \$58.4 million of additional enrollment funding, equivalent to 15,036 FTE.</p>																				
Safe Harbor: Proviso and Earmarked Enrollments	<p>Due to Legislative provisos or State Board earmarks, some enrollments are distributed outside the allocation model. SBCTC staff in the Educational Services Division oversee the distribution and proper utilization of these enrollments.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Program</u></th> <th style="text-align: right;"><u>Target</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>Aerospace Apprenticeships</td> <td style="text-align: right;">130</td> <td></td> </tr> <tr> <td>Aerospace High Demand Enrollments</td> <td style="text-align: right;">1,000</td> <td></td> </tr> <tr> <td>Hospital Employee Education and Training</td> <td style="text-align: right;">50</td> <td rowspan="6" style="vertical-align: middle;"><i>Additional information on these program enrollments is available from the Workforce Education Division.</i></td> </tr> <tr> <td>I-BEST</td> <td style="text-align: right;">120</td> </tr> <tr> <td>University Contracts</td> <td style="text-align: right;">165</td> </tr> <tr> <td>Worker Retraining</td> <td style="text-align: right;"><u>7,605</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">9,070</td> </tr> </tbody> </table>	<u>Program</u>	<u>Target</u>		Aerospace Apprenticeships	130		Aerospace High Demand Enrollments	1,000		Hospital Employee Education and Training	50	<i>Additional information on these program enrollments is available from the Workforce Education Division.</i>	I-BEST	120	University Contracts	165	Worker Retraining	<u>7,605</u>	Total	9,070
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FY 2024 Supplemental Operating Budget

Adjustments to the current year

FY 2024

College Affordability Program	<i>\$254,000</i>
This small inflationary adjustment will be distributed to colleges in the same manner as in recent years, proportionate to their enrollment.	
State Board Moving Costs and Lease Adjustment	<i>\$913,000</i>
One-time funding provided for SBCTC for the lease and moving costs associated with the agency move to 1500 Jefferson Building.	
Pension and DRS Rate Change	<i>\$39,000</i>
Funding provided for a .02% increase in the administrative fee that the Department of Retirement Systems collects on employer retirement.	
College in the High School Expansion FY24	<i>\$1,053,000</i>
Funding provided to support College in the High School (CiHS) program expansion. Funds would be available for academic year 2022-23 expansion based on 2SSB 5048.	
Central Services Revolving Fund Adjustment	<i>\$233,000</i>
Adjustments to anticipated central services costs.	