



Clark College  
Gaiser Hall, Room 213

1933 Fort Vancouver Way • Vancouver, WA

Study Session: Wednesday, December 3, 2008  
2:00 p.m. – 5:00 p.m.

Regular Meeting: Thursday, December 4, 2008  
8:45 a.m. – 11:45 a.m.

**December 3 Study Session Agenda**

- 2:00 p.m. Call to Order and Welcome**  
Erin Munding, Chair
- 2:05 p.m. Legislative Update** **Discuss [Tab 7]**  
*(SD Principles)*  
Chris Reykdal
- 2:50 p.m. Capital Budget Bond & Certificates of Participation** **Discuss Tab 1**  
*(SD Principles)*  
Tom Henderson
- 3:30 p.m. Break**
- 3:40 p.m. WorkFirst Budget Reductions** **Discuss Tab 2**  
*(SD Principles)*  
Jim Crabbe
- 4:25 p.m. Mission Study Task Force Update** **Discuss Tab 3**  
*(SD Principles)*  
Jan Yoshiwara
- 5:00 p.m. Adjournment**
- 5:30 p.m. Reception & Dinner with Clark College Trustees and Staff**

**December 4 Regular Meeting Agenda**

- 7:30 a.m. Breakfast Meeting for Board Members and Charlie**  
Clark College
- 8:45 a.m. Call to Order and Adoption of Agenda** **Action**  
Erin Munding, Chair
- 8:50 a.m. Host College Presentation: Clark College** **Discuss**  
Robert Knight, Clark College President
- 9:20 a.m. Approval of Consent Agenda** **Action Tab 4**
  - a. SBCTC Regular Meeting Minutes – October 23, 2008
  - b. Bellevue CC Office Renovation  
**Resolution 08-12-35**
- 9:25 a.m. TIAA-CREF Retirement Savings Plan Modification** **Action Tab 5**  
*(SD Principles)*  
John Boesenberg  
**Resolution 08-12-36**
- 9:40 a.m. State Board Member Standard of Conduct** **Action Tab 6**  
*(SD Principles)*  
Jim Bricker, Board Member  
**Resolution 08-12-37**

<b>9:55 a.m.</b>	<b>State Budget Strategy</b> <i>(SD Principles)</i> Chris Reykdal	<b>Action</b>	<b>Tab 7</b>
<b>10:45 a.m.</b>	<b>Director's Report</b> Charlie Earl, Executive Director	<b>Discuss</b>	
<b>11:15 a.m.</b>	<b>Chair's Report</b> Erin Munding, Chair <ul style="list-style-type: none"><li>• <b>Trustees' Association Report</b> Carol Landa-McVicker, TACTC President</li><li>• <b>Presidents' Association Report</b> Don Bressler, WACTC President</li><li>• <b>Parking Lot Update/New Items</b></li></ul>	<b>Discuss</b>	
<b>11:30 a.m.</b>	<b>Board Member Notes</b>	<b>Discuss</b>	
<b>11:45 a.m.</b>	<b>Adjournment</b> Next Meeting: February 4-5, 2009 ~ State Board Office		

11/24/08

**EXECUTIVE SESSION:** Under RCW 42.30.110, an Executive Session may be held. Action from the Executive Session may be taken, if necessary, as a result of items discussed in the Executive Session.

**PLEASE NOTE:** Times above are estimates only. The Board reserves the right to alter the order of the agenda. Reasonable accommodations will be made for persons with disabilities if requests are made at least seven days in advance. Efforts will be made to accommodate late requests. Please contact the Executive Director's Office at (360) 704-4309.

**SD** refers to the SBCTC "System Direction" adopted by the Board in September 2006 (Resolution 06-09-27).

Chair – Erin Munding • Vice Chair – Jim Bricker  
Reuven Carlyle • Sharon Fairchild • Jim Garrison • Jeff Johnson  
Tom Koenninger • Lyle Quasim • Beth Willis  
Charles N. Earl, Executive Director • DelRae Oderman, Executive Assistant  
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## **STUDY SESSION AGENDA ITEM**

**December 3, 2008**

**TAB 1**

### **Topic**

Capital Budget Bonds and Certificates of Participation

### **Description**

This discussion is important due to a fiscal climate and circumstance that affect how the state will approach the 2009-11 Capital Budget Request and more importantly how they will approach the SBCTC.

The State Board for Community and Technical Colleges rely heavily on General Obligation (GO) Bonds to provide the necessary funding for capital programs. In 2007-09 GO Bonds represented 84 percent of the capital appropriations (\$438.5 m/\$524.6 m). The 2009-11 Capital request of \$549.6 million (Attachment A) includes \$466.6 million in Bonds (85 percent). GO Bond capacity is subject to a 7 percent statutory and 9 percent constitutional debt limit. OFM is planning to recude GO Bonds for our system and is using the lottery education construction account funds to cover M & O funds in the operating budget.

This would have a devastating impact on the capital budget request.

### **Key Questions**

- How much capacity does the state have in GO Bonds?
- What are the changing demands affecting SBCTC?
- Are there options, like Certificates of Participation (COPs) that can be used to fill gaps in state resources?
- Do we have adequate resources to fund COPs?
- Are we well positioned for economic stimulus investments by the state and federal government if and when they become available?

### **Analysis**

The 2009-11 Capital Budget Request cannot be funded as requested. The amount of GO Bonds available to SBCTC is limited by declining revenue, increased uncertainty in the stability of future interest rates, and increasing demands for Bonds, especially by K-12. The annual growth rate for revenue in the bond model is 4.5 percent, which may be too optimistic. Interest rate assumptions are estimated at 4.75 percent in fiscal year 2009, 5.54 percent in fiscal year 2010 and approximately 6.37 percent beyond 2010.

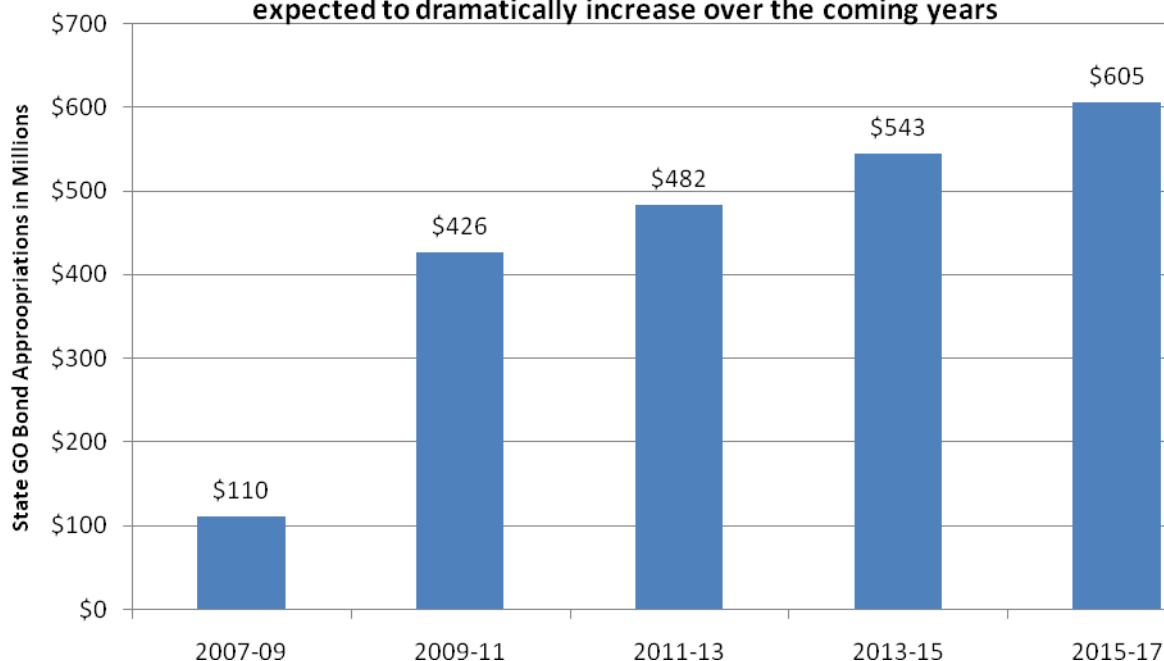
The six year plan that balances the 7 percent statutory and an 8.5 percent working constitutional limit adopted by OFM, the Legislature and the State Treasurer shows a significant decline in capacity.

<b>Projected Capital Budget Bond Capacity (Dollars in Thousands)</b>			
	<u>2007-09</u>	<u>2009-11</u>	<u>2011-13</u>
General Obligation Bonds	1,931,779	1,589,320	1,652,893
Gardner-Evans Higher Education Bonds	222,415	0	0
Columbia River Basin Water Bonds	34,500	0	15,000
Chehalis River Bonds	50,000	0	0
<b>Total Bond Capacity Subject to Debt Limit</b>	<b>\$2,238,694</b>	<b>\$1,589,320</b>	<b>\$1,667,893</b>
New Skills Center/K-12 Bonds (Outside Debit Limit)	16,000	84,000	0
<b>Total Bond Capacity</b>	<b>\$2,254,694</b>	<b>\$1,673,320</b>	<b>\$1,667,893</b>
Potential 2007-09 2nd Supplement Request (OSPI)	0	128,000	0
<b>New Bond Capacity Assuming OSPI Suppl Request</b>	<b>\$2,254,694</b>	<b>\$1,545,320</b>	<b>\$1,667,893</b>

The State has seen a major shift in the use of bond funds to support more investments in community projects, housing assistance, wildlife and recreation programs and K-12.

K-12 assistance in the 2009 supplemental will further reduce capacity in the 2009-11 budget. In addition, demand for bonds by K-12 continues to increase even without adopting further proposed changes in allowable area and cost factors.

**Based primarily on the "bow-wave" of the 2005 enhancements, the amount of state bonds needed to support K-12 school construction is expected to dramatically increase over the coming years**



\* The chart depicts State Bonds and Trust Land Transfers. For the 2009-11 and subsequent biennia, approximately \$50 million in Trust Land Transfer Revenue is assumed.

What does this mean for Community and Technical Colleges?

<b>2009-11 Capital Budget Request (Dollars in Millions)</b>			
	<b>SBCTC Request</b>	<b>OFM Discussions<sup>3</sup></b>	<b>SBCTC Option</b>
Bonds	\$467	\$330	\$330
COPs	\$0	\$0	\$110
Building Fees <sup>2</sup>	\$57	\$57	\$38
Lottery Funds	\$26	\$0	\$0
	<hr/>	<hr/>	<hr/>
	\$550	\$387	\$478
M & O <sup>1</sup>	\$0	\$23	\$23
	<hr/>	<hr/>	<hr/>
	\$550	\$410	\$501

<sup>1</sup>SBCTC Request assumes M & O is in the Operating Budget Construction Account and that M & O would be funded with General Fund State Resources.

<sup>2</sup>Assumes 9.4 m/year required to pay debt source on COP's

<sup>3</sup>OFM evaluated three levels of bond funding for community and technical colleges \$390 m, \$360 m, \$330 m and \$300 m in addition OFM will continue to fund a portion of M & O funding with lottery funds

The staff has worked with OFM to build an option to avoid the devastating impact caused by a significant reduction in bonds. This action will help preserve predictable predesign and design of projects both in the pipeline and selected in 2009-11. This gives the state a two year window to recover. SBCTC can preserve predesign and design activity on critical projects to advance student learning, support economic development in high demand areas, and provide state of the art training environments to improve knowledge and skills to fill gaps in the workforce.

Use of COPs is the best way to meet this crisis head on. Historically, tuition building fees were used exclusively to pay debt service on bonds sold to build community college in the last 60's and early 70's. By carving out approximately \$9 million per year from this fund source SBCTC can use COPs to finance construction of the major growth projects. Attachment B provides a forecast of the tuition building fees.

What are COPs?

COPs are tax exempt government securities used to raise funds to purchase equipment, make real estate investments and improve or construct buildings. COPs are sold to investors who are entitled to a portion of COP payments (revenues) associated with the project. The agency leases the facility and makes installment payments towards the lease. When the payment schedule is complete the agency assumes ownership of the completed facility.

Are COPs subject to the debt limit?

The COP is a financial contract, however, rather than paying interest on bonds or guaranteeing the face value of a bond at the end of the project, the investor receives a return based on the lease revenue associated with the offering. As a lease, the COP is not subject to the debt limit.

### How are COPs different than GO Bonds

GO Bonds are secured by the full faith and credit of the state. While COPs require legislation to secure approval (Attachment C - RCW 39.94.010), COPs are not secured by the full faith and credit of the state.

The cost of a COP is generally the same as GO Bonds even though they do not have the same bond rating (Moody's Investors Aa1 vs. Aa2). Generally, a lower rating equates to higher interest rates, however, the smaller sales amount and shorter durations often produce more competition and low rates.

### State Board for Community and Technical College's History using COPs

Community and Technical Colleges have used COPs over the past 16 years to support college capital needs. While colleges may ask for authority to use COPs they are not obligated to do so. For the last 16 years the system has averaged \$55 million per biennium in requests for COP authority and has averaged \$33 million per biennium in executed COPs.

Colleges are required to provide the same budget backup for a COP request as they do with direct appropriations requests. Predesigns are required for any project greater than \$4.5 million and colleges are required to self fund predesigns and design cost through contract bid. Bids are required before the State Treasurer can sell the COP. The 2009-11 capital budget request alternative funding can be found at <http://www.sbctc.ctc.edu/college/f-capitalbudgetrequest.aspx>.

### What are COP used for?

Traditionally, COPs are used to finance acquisitions and capital construction that is not normally covered by the state. COPs are used to acquire property, construct or expand facilities that would take many more years to secure funding using the state process. In addition COPs are used to finance enterprise functions and other space expected to be self supported.

#### Examples of COP Financed Projects:

- Student Centers
- Property Acquisitions
- Expansion of Education and Vocation Training Centers
- Bookstore remodels and expansions
- Gymnasiums and Fitness Centers
- Parking lot expansion and structured parking
- Child Care Centers

### How is the 2009-11 Capital Proposal Different?

The key difference is projects funded with \$110 million in COPs, debt service would be transferred to the State Treasurer from the Tuition Building Fees (Fund 060) and not paid by the individual college.

### Concerns about the use of COPs

- Some legislators are concerned that COPs allow the state to get around the debt limit. They argue higher debt levels burden tax payers and colleges alike and reduce options on future expenditures that may jeopardized the college's operating program.
- COPs present a long term obligation against the college's operating budget.

- Some colleges have not adequately recognized the future cost of COP decisions in their operating budgets or adequately advised their board of trustees on the impact of authorizing a COP. Should SBCTC require that the Boards of Trustees certify:
  - They understand risks and will provide all necessary funds to meet commitments?
  - They have reviewed the viability of revenue streams pledged to fund project and they are solid.

### **Background Information**

Attachment A – 2009-11 Capital Budget Request

Attachment B – Tuition Building Fees – Projected Fund Balance

Attachment C – RCW 39.94.010

RCW 39-94: <http://apps.leg.wa.gov/RCW/default.aspx?cite=39.94&full=true#39.94.010>

2009-11 Capital Budget Request Alternative Funding: [http://www.sbctc.ctc.edu/college/\\_f-capitalbudgetrequest.aspx](http://www.sbctc.ctc.edu/college/_f-capitalbudgetrequest.aspx)

### **Outcomes**

The board will have a better understanding of the budget process and funding limitations for the 2009-11 budget and the differences between COPs and GO Bonds.

**Prepared by:** Tom Henderson, 360-704-4382, [thenderson@sbctc.edu](mailto:thenderson@sbctc.edu)

2009-11 SBCTC Capital Budget Request

Recommended for adoption by the Capital Task Force 5-7-08

Priority	Category	Project No.	College	Description	SBCTC 2009-11 Capital Request		2011-13 Pipeline	2013-15 Pipeline	2015-17 Pipeline	Total Appropriations
					Request (est.)	Cumulative				
1	Minor Works - Preservation	08-1-001	Statewide	Emergency Repairs and Improvements	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000	\$ 18,000,000	\$ 20,000,000	\$ 70,000,000
2	Roof Repairs "A"	08-1-010	Statewide	Roof Repairs	\$ 9,480,896	\$ 25,480,896	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 27,480,896
3	Facility Repairs "A"	08-1-050	Statewide	Facility Repairs	\$ 18,521,585	\$ 44,002,481	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 78,521,585
4	Site Repairs "A"	08-1-090	Statewide	Site Repairs	\$ 2,704,831	\$ 46,707,312	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 14,704,831
5	Matching Fund Projects	10-2-420	Yakima Valley	Grandview-College/City Library	\$ 2,000,000	\$ 48,707,312				\$ 2,000,000
6	Matching Fund Projects	10-2-421	Peninsula	Fort Worden Education Center	\$ 2,000,000	\$ 50,707,312				\$ 2,000,000
7	Matching Fund Projects	10-2-422	Olympic	Sophia Bremer Child Development Ctr	\$ 2,000,000	\$ 52,707,312				\$ 2,000,000
8	Matching Fund Projects	10-2-423	Spokane Falls	Stadium and Athletic Fields	\$ 2,000,000	\$ 54,707,312				\$ 2,000,000
9	Matching Fund Projects	10-2-424	Bellingham	Fisheries Technology Program	\$ 2,000,000	\$ 56,707,312				\$ 2,000,000
10	Matching Fund Projects	10-2-425	Lower Columbia	Myklebust Gymnasium	\$ 2,000,000	\$ 58,707,312				\$ 2,000,000
11	Matching Fund Projects	10-2-426	Wenatchee	Music and Arts Center	\$ 2,000,000	\$ 60,707,312				\$ 2,000,000
N/A	Matching Fund Projects	12-2-427	Statewide	Future Matching Projects		\$ 60,707,312	\$ 10,000,000	\$ 15,000,000	\$ 15,000,000	\$ 40,000,000
12	Minor Works - Program	08-2-130	Statewide	Minor Improvements - Program Related	\$ 20,085,219	\$ 80,792,531	\$ 25,000,000	\$ 30,000,000	\$ 40,000,000	\$ 115,085,219
13	Replacements	06-1-205	Green River	Humanities and Classroom Building	\$ 27,927,131	\$ 108,719,662				\$ 27,927,131
14	Replacements	08-1-216	Seattle Central	Wood Construction	\$ 25,941,547	\$ 134,661,209	\$ -	\$ -	\$ -	\$ 25,941,547
15	Replacements	08-1-217	Columbia Basin	Career and Tech Ed Facility	\$ 21,195,000	\$ 155,856,209	\$ -	\$ -	\$ -	\$ 21,195,000
16	Replacements	08-1-218	Peninsula	Business and Humanities	\$ 35,396,496	\$ 191,252,705	\$ -	\$ -	\$ -	\$ 35,396,496
17	Replacements	08-1-219	Spokane Falls	Chem & Life Sciences	\$ 29,263,000	\$ 220,515,705	\$ -	\$ -	\$ -	\$ 29,263,000
18	Replacements	08-1-220	Spokane	Technical Education Bldg	\$ 32,335,000	\$ 252,850,705	\$ -	\$ -	\$ -	\$ 32,335,000
19	Replacements	08-1-221	Everett	Index Hall Replacement	\$ 2,301,000	\$ 255,151,705	\$ 40,204,146	\$ -	\$ -	\$ 42,505,146
20	Replacements	08-1-222	Green River	Trades and Industry Complex	\$ 2,625,000	\$ 257,776,705	\$ 28,736,433	\$ -	\$ -	\$ 31,361,433
21	Replacements	08-1-223	Bellingham	Instructional/LRC	\$ 29,102,714	\$ 286,879,419	\$ -	\$ -	\$ -	\$ 29,102,714
22	Replacements	08-1-224	Skagit Valley	Academics/Student Support	\$ 2,115,750	\$ 288,995,169	\$ 28,948,250	\$ -	\$ -	\$ 31,064,000
23	Replacements	08-1-225	Lower Columbia	Science Replacement	\$ 2,969,000	\$ 291,964,169	\$ 36,405,000	\$ -	\$ -	\$ 39,374,000
24	Replacements	08-1-226	Grays Harbor	Science Replacement	\$ 3,583,000	\$ 295,547,169	\$ 40,477,361	\$ -	\$ -	\$ 44,060,361
25	Replacements	10-1-227	Seattle Central	Seattle Maritime Academy	\$ 2,899,000	\$ 298,446,169	\$ 15,806,000	\$ -	\$ -	\$ 18,705,000
26	Replacements	10-1-228	Yakima Valley	Palmer Martin Replacement	\$ 15,503,000	\$ 313,949,169	\$ -	\$ -	\$ -	\$ 15,503,000
27	Replacements	10-1-229	Olympic	Theater, Art and Music Building Rplcmnt	\$ 250,000	\$ 314,199,169	\$ 5,085,000	\$ 51,946,107	\$ -	\$ 57,281,107
28	Replacements	10-1-230	Centralia	Kemp Hall and Student Services	\$ 250,000	\$ 314,449,169	\$ 3,409,000	\$ 37,174,000	\$ -	\$ 40,833,000
29	Replacements	10-1-231	Spokane Falls	Fine Arts and Photography Rplcmnt	\$ 250,000	\$ 314,699,169	\$ 1,740,000	\$ 32,253,000	\$ -	\$ 34,243,000
30	Replacements	10-1-232	Clover Park	Hospitality Institute	\$ 250,000	\$ 314,949,169	\$ 3,133,100	\$ 42,306,910	\$ -	\$ 45,690,010
31	Replacements	10-1-233	Peninsula	Allied Health and Early Childhood Dvlpmnt	\$ 250,000	\$ 315,199,169	\$ 2,950,000	\$ 23,312,202	\$ -	\$ 26,512,202
32	Replacements	10-1-234	Grays Harbor	Student Svcs and Instructional Bldg	\$ 372,000	\$ 315,571,169	\$ 4,666,000	\$ 38,814,428	\$ -	\$ 43,852,428
33	Replacements	10-1-235	Seattle South	Integrated Education Center	\$ 250,000	\$ 315,821,169	\$ 2,586,000	\$ 33,502,230	\$ -	\$ 36,338,230
34	Renovation	08-1-316	South Puget Soun	Building 22 Renovation	\$ 10,001,169	\$ 325,822,338	\$ -	\$ -	\$ -	\$ 10,001,169
35	Renovation	08-1-319	Spokane	Vacated Building 7	\$ 10,041,025	\$ 335,863,363	\$ -	\$ -	\$ -	\$ 10,041,025
36	Renovation	08-1-320	Spokane Falls	Music Building 15	\$ 14,350,035	\$ 350,213,398	\$ -	\$ -	\$ -	\$ 14,350,035
37	Renovation	08-1-321	Pierce Ft Steilacox	Cascade Core	\$ 23,508,401	\$ 373,721,799	\$ -	\$ -	\$ -	\$ 23,508,401
38	Renovation	10-1-322	Seattle North	Allied Health and Technology Bldg	\$ 3,184,000	\$ 376,905,799	\$ 23,549,000	\$ -	\$ -	\$ 26,733,000
39	Renovation	10-1-323	Green River	Science, Math, and Technology	\$ 1,868,000	\$ 378,773,799	\$ 16,974,000	\$ -	\$ -	\$ 18,842,000
40	Renovation	10-1-324	Bates	West Wing Main Building	\$ 1,407,000	\$ 380,180,799	\$ 15,809,108	\$ -	\$ -	\$ 17,216,108
41	Renovation	10-1-325	Olympic	Shop Building Renovation	\$ 250,000	\$ 380,430,799	\$ 1,814,000	\$ 12,391,000	\$ -	\$ 14,455,000
42	Renovation	10-1-326	South Seattle	Automotive Technology Building	\$ 250,000	\$ 380,680,799	\$ 1,824,480	\$ 16,797,520	\$ -	\$ 18,872,000
43	Renovation	10-1-327	Renton	Auto Trades Renovation	\$ 365,000	\$ 381,045,799	\$ 1,520,000	\$ 18,804,162	\$ -	\$ 20,689,162
44	Major Growth Design	08-2-701	Tacoma	Health Careers Center	\$ 2,946,000	\$ 383,991,799	\$ 35,564,387			\$ 38,510,387
45	Major Growth Design	08-2-702	Bellevue	Health Sciences Building	\$ 4,350,000	\$ 388,341,799	\$ 36,506,000			\$ 40,856,000
46	Major Growth Design	08-2-703	Bates	Communication & Technology	\$ 1,755,000	\$ 390,096,799	\$ 23,398,000			\$ 25,153,000
47	Major Growth Design	08-2-704	Columbia Basin	Culture, Language, & Soc Sci	\$ 1,412,131	\$ 391,508,930	\$ 14,041,004			\$ 15,453,135
48	Major Growth Design	08-2-705	Clark	Health & Advance Technology	\$ 2,506,000	\$ 394,014,930	\$ 33,598,000			\$ 36,104,000
49	Major Growth Predesign	10-2-711	Clark	North County Satellite	\$ 250,000	\$ 394,264,930	\$ 3,025,000	\$ 35,062,000	\$ -	\$ 38,337,000
50	Major Growth Predesign	10-2-712	Everett	LRN Technology Center	\$ 330,000	\$ 394,594,930	\$ 3,250,000	\$ 3,813,000	\$ 52,552,387	\$ 59,945,387
51	Major Growth Construction	06-2-696	Spokane Falls	General Classrooms/Early Learning	\$ 21,552,000	\$ 416,146,930				\$ 21,552,000
52	Major Growth Construction	06-2-697	Lake Washington	Allied Health	\$ 27,353,384	\$ 443,500,314				\$ 27,353,384
53	Major Growth Construction	06-2-698	South Puget Soun	Learning Resource Center	\$ 35,382,007	\$ 478,882,321				\$ 35,382,007
54	Major Growth Construction	06-2-699	Clover Park	Allied Health	\$ 25,515,455	\$ 504,397,776				\$ 25,515,455
55	Major Growth Predesign	10-2-713	Edmonds	Science, Engineering & Technology	\$ 3,250,000	\$ 507,647,776	\$ 334,000	\$ 5,295,169	\$ 41,947,109	\$ 50,826,278
56	Major Growth Predesign	10-2-714	Whatcom	The Learning Commons	\$ 125,000	\$ 507,772,776	\$ 250,000	\$ 2,137,000	\$ 36,905,041	\$ 39,417,041
57	Infrastructure	10-1-5xx	Statewide	Major Infrastructure Projects	\$ 2,146,000	\$ 509,918,776	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 17,146,000
58	Roof Repairs "B"	08-1-710	Statewide	Essential Roof Repairs	\$ 8,720,889	\$ 518,639,665	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 23,720,889
59	Facilities Repairs "B"	08-1-750	Statewide	Essential Facility Repairs	\$ 26,070,781	\$ 544,710,446	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 86,070,781
60	Site Repairs "B"	08-1-790	Statewide	Essential Site Repairs	\$ 4,860,005	\$ 549,570,451	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 49,860,005
<b>Subtotal Pipeline</b>					<b>\$ 549,570,451</b>		<b>\$ 551,603,269</b>	<b>\$ 491,608,728</b>	<b>\$ 281,404,537</b>	<b>\$ 1,874,186,985</b>
<b>Allowance for Selecting Future Projects</b>							<b>\$ 40,000,000</b>	<b>\$ 120,000,000</b>	<b>\$ 350,000,000</b>	<b>\$ 510,000,000</b>
<b>Anticipated Future Budget Level</b>					<b>\$ 549,570,451</b>		<b>\$ 591,603,269</b>	<b>\$ 611,608,728</b>	<b>\$ 631,404,537</b>	<b>\$ 2,384,186,985</b>

Projects from 2005-07
Projects from 2007-09
New Selection 2009-11

**Tuition Building Fees –  
Projected Fund Balance**

<u>BUILDING ACCOUNT</u>	FY 08	FY 09	2007-09	FY 10	FY 11	2009-11	FY 12	FY 13	2011-13	FY 14	FY 15	2013-15
	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
BEGINNING BALANCE	\$20,471,752		20,471,752	27,695,068	-	27,695,068	23,633,068	-	23,633,068	23,691,068	-	23,691,068
Adjustments-Timing/Accruals	-	-	-									
RECEIPTS:												
Tuition - Building Fees	27,251,908	28,342,000	55,593,908	29,476,000	30,655,000	60,131,000	31,881,000	33,156,000	65,037,000	34,482,000	35,861,000	70,343,000
Tuition from New Enrollments	-	-	-	-	-	-	-	-	-	-	-	-
Endowment Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue Income	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	27,251,908	28,342,000	55,593,908	29,476,000	30,655,000	60,131,000	31,881,000	33,156,000	65,037,000	34,482,000	35,861,000	70,343,000
BALANCE PLUS RECEIPTS	47,723,660	28,342,000	76,065,660	57,171,068	30,655,000	87,826,068	55,514,068	33,156,000	88,670,068	58,173,068	35,861,000	94,034,068
DISBURSEMENTS:												
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
EXPENDITURES:												
MAJOR CAPITAL												
05-07 and Earlier Reappropriation	21,283,592	-	21,283,592	-	-	-	-	-	-	-	-	-
07-09 Appropriations	24,763,109	1,761,839	26,524,948	32,193,000	-	32,193,000	-	-	-	-	-	-
09-11 Appropriations	-	-	-	10,000,000	22,000,000	32,000,000	24,979,000	-	24,979,000	-	-	-
11-13 Appropriations							15,000,000	25,000,000	40,000,000	22,000,000	-	22,000,000
13-15 Appropriations										15,000,000	25,000,000	40,000,000
GA Expenditures	281,052	281,000	562,052	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	46,327,753	2,042,839	48,370,592	42,193,000	22,000,000	64,193,000	24,979,000	-	64,979,000	-	-	62,000,000
ENDING BALANCE			27,695,068			23,633,068			23,691,068			32,034,068

Assumptions:

Funding Changes to CBS Projects in Future Biennia  
 priority 12 3000078 Minor Works Program  
 priority 74 30000203 Future Infrastructure

2011 to 2013	2013 to 2015	2015 to 2017	2017 to 2018	Action Required to Balance Fund 060 in Future Years
\$ 9,000,000	\$ 12,000,000	\$ 20,000,000	\$ 20,000,000	Reduction to Fund 060 and displayed as Fund 057
\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	Should be displayed as Fund 253 not Fund 060

**RCW 39.94.010**

**Purposes — Construction.**

The purposes of this chapter are to confirm the authority of the state, its agencies, departments, and instrumentalities, the state board for community and technical colleges, and the state institutions of higher education to enter into contracts for the acquisition of real and personal property which provide for payments over a term of more than one year and to exclude such contracts from the computation of indebtedness under RCW 39.42.060 and Article VIII, section 1 of the state Constitution. It is further the purpose of this chapter to permit the state, its agencies, departments, and instrumentalities, the state board for community and technical colleges, and the state institutions of higher education to enter into financing contracts which make provision for the issuance of certificates of participation and other financing structures. Financing contracts of the state, whether or not entered into under this chapter, shall be subject to approval by the state finance committee except as provided in this chapter.

This chapter shall be liberally construed to effect its purposes.

[1998 c 291 § 2; 1989 c 356 § 1.]

**Notes:**

**Application – 1998 c 291:** See note following RCW [39.94.050](#).



## **STUDY SESSION AGENDA ITEM**

**December 3, 2008**

**TAB 2**

### **Topic**

WorkFirst Budget Reductions

### **Description**

Due to State projections for increased caseload for Temporary Assistance for Needy Families (*TANF*) and revenue shortfalls, the Office of Fiscal Management (OFM) anticipates a deficit for WorkFirst funding in 2009-2010. OFM has led the WorkFirst partner agencies in a Priorities of Government (POG) exercise to prioritize budget expenditures. This exercise has resulted in a decrease to the SBCTC WorkFirst allocation for 2009-10 which supports 34 community and technical colleges, four community-based organizations, and three private career schools providing education and training to students receiving WorkFirst TANF assistance, and other low-income students meeting the WorkFirst eligibility requirements. This agenda item is designed to update the Board on proposed changes to the WorkFirst program.

### **Key Questions**

- Will the proposed WorkFirst program modifications strengthen the alignment between the State Board's System Direction and the WorkFirst partnership policies, programs and outcomes?
- Will the proposed revisions to program outcomes and the awarding process maintain accountability and encourage continued improvement?

### **Analysis**

During the most recent WorkFirst review in mid-August, the Governor's WorkFirst Sub-cabinet redirected the program towards the primary outcomes of employment and caseload reduction. This drew into question the future role of education and training in the WorkFirst program—specifically access to education with a barrier-removal approach, rather than as an investment in human capital. While policies supportive of education and training are in place, the current practice remains focused on immediate employment. This approach is at odds with what we know from our research regarding the “tipping point” and is a philosophical challenge for the colleges.

Conditions were further challenged with a forecast of increasing caseload and diminished revenue, resulting in a \$114.9 million projected budget shortage for the 2009-11 Biennium. The Governor's WorkFirst agency staff has participated in two exercises which resulted in a projected \$7.4 million dollar (27%) reduction to the State Board for Community and Technical Colleges' WorkFirst grant in 2009-10.

SBCTC staff in consultation with a community and technical college system WorkFirst advisory group has redesigned the program delivery model to address the concerns of the partner agencies, optimize access and resources for students, provide program flexibility, and address required WorkFirst outcomes. The college system's Workforce Education Council (WEC), Instruction Commission, and presidents have been informed of the impending changes.

**Background Information**

Attachment A: Proposed WorkFirst Program Plan for FY2010

**Outcomes**

Provide the Board members an update on the proposed changes to the WorkFirst program and the opportunity to discuss the Proposed WorkFirst Program Plan for FY2010.

**Prepared by:** Marie Bruin, 360-704-4360, [mbruin@sbctc.ed](mailto:mbruin@sbctc.ed)

# DRAFT-Proposed WorkFirst FY 2010

## Proposal highlights;

- Resources will serve TANF and former TANF recipients only
- Resources administered through a competitive RFP process
- Menu of approved activities will be more closely aligned with the needs of the WorkFirst partnership

Proposal	Modification
FY 09 funding	\$27,649,000
Proposed FY10	Less 50%       -\$13,825,000 Restore 23%    +6,325,000 <b>Proposed       \$20,183,000                      Reduction= \$7,466,000</b>
Service reductions	<ul style="list-style-type: none"> <li>• Eliminate Tuition Assistance for Low-Income students- FY07-08 - 7,041 students served at an average cost of \$1,011.19 each = <b>\$7,119,788 cost Savings</b></li> <li>• Secondary consideration (if required to meet additional reductions) Discontinue providing an on-site Comprehensive Evaluation = <b>*2,700,000 cost Savings</b></li> </ul> *Based on initial allocation to support CE activities for 1 year.

## Grant delivery

Proposal	Modification to grant process
<b>Access</b>	<ul style="list-style-type: none"> <li>• Colleges or regions will participate in a competitive RFP process to secure resources for program operation.</li> <li>• Colleges will have opportunity to select from a defined list of countable services.</li> <li>• Minutes or other documentation will be submitted to evidence local discussion of plan.</li> <li>• Partners will participate in application approval process.</li> </ul>
<b>Funding</b>	Base year ceilings will be determined using a 2-year average of performance measures; completions, transitions, retained, and employed.
<b>Reserves</b>	SBCTC will maintain a reserve account to support specialized local needs.
<b>Participants</b>	The WorkFirst allocation to the colleges will allow services to existing TANF and former TANF only (defined in SBCTC 09' WorkFirst grant).
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>• Maintain a monthly participation rate of 33% by institution.</li> <li>• Meet a 61% rate of entered employment (90 days post training).</li> <li>• Exceeding performance standards may increase amount of funding received.</li> <li>• Not meeting performance standards will decrease amount of funding received.</li> <li>• No caps on college funding swings.</li> </ul>

# DRAFT

## Content Analysis

<i>Allowable activities available</i>	<i>Activity level *Core or Non-Core</i>	<i>Educational component</i>
<i>Tracking &amp; Monitoring</i>	Mandatory for all providers	Administration
<i>Tuition Assistance and Contract Training for TANF only</i>	Full Time Core Activity Required minimum of 32 hours – 40 max	Vocational Education (VE) High Wage High Demand (HW) IBEST (VE) CJST (VE) 12 month lifetime limit per participant
<i>Basic Skills (stand alone)</i>	Part time Non-Core activity 1-40 hours no required minimum	ABE ESL GED (GE) High School Completion (HS)
<i>Comprehensive Evaluation(core)</i>	Currently non-countable Required minimum of 32 hours – 40 max	Assessment & educational advising
<i>Open entry Job Skills</i>	Full Time (countable in this combination) Required minimum of 32 hours – 40 max	WorkFirst Work-Study (PT) -19 hrs max Life Skills (LS)-3 hour** Job Skills (JT) -12 to 20 hours Life skills time limited
<i>Part time Vocational Education (JT)</i>	Full Time Core Activity Required minimum of 32 hours – 40 max	Unsubsidized employment (PT)-min. 20 hours Job Skills (JT)- min. 12-20 hours No time limit
<i>Open Entry Basic Skills for Employment</i>	Full Time (countable in this combination) Required minimum of 32 hours – 40 max	Basic Skills (ABE/GED/ESL)-12 to 20 hours WorkFirst Work-Study (PT) -19 hrs max Life Skills (LS)-3 hour** Life skills time limited

**\*Full Time Core activities have a greater likelihood to assist in meeting the participation rate**

**\*\*Add sufficient Life Skills hours to Work-study to bring combination to 22 hours per week. This will offset the inability to count the 5th week.**

CJST=Customized Job Skills Training

PT= Part Time Employment

LS= Life Skills

JT= Job Skills Training



## **STUDY SESSION AGENDA ITEM** **December 3, 2008**

**TAB 3**

### **Topic**

Mission Study Task Force Update

### **Description**

In September 2008, the Board commissioned a task force to examine how well the college system is serving the people of Washington State, identify future needs and recommend policies and strategies to meet those needs. At the October meeting, the Board discussed the proposed work plan for the task force. In November the Mission Study Task Force held its first meeting. There was substantial discussion about the goals and objectives of the study, and revisions to the work plan are proposed as a result.

### **Key Questions**

- What are the Board's goals for the Mission Study and what analysis will assist the Board in formulating policies and strategic directions for meeting future higher education needs for Washington State residents?

### **Analysis**

The original work plan as proposed was primarily focused on future demand for community and technical college services, the demographic, programmatic, and geographic distribution of that demand, and the implications for current and future college locations and eLearning capacity. Task force discussion added several dimensions to the study, including financial considerations, effectiveness strategies and the use of outside experts to understand our future economy, the learning styles and values of millennial students and the future impact of technology on teaching and learning.

The task force discussed demographic data about educational attainment, and who is currently being served by the college system. The analysis yielded the following conclusions:

- Despite an overall high education level in Washington, the 36% of adults born in the state are less likely to have an Associates' degree or higher than those not born in the state
- Adults under 25 have less educational attainment if they are:
  - From low income families
  - Male
  - Have no high school diploma
  - Need English as a Second Language (ESL) training
- Adults 25 to 64 have less educational attainment if they are:
  - From rural Southwest and Central Washington
  - Hispanic or Native American

- Those adults less likely to attend college in Washington are:
  - Those in Central Washington communities and some Southwest Washington communities
  - Younger adults from lower income families
  - Males
  - Adults without a HS diploma or who need ESL training
  - While Hispanic or Native Americans attend college classes at parity with % in population, a higher than parity level participation is needed given current low education attainment levels.
- We can forecast the FTEs needed to keep up with state population growth over the next 2 decades (about 22,000 FTE) and the FTEs needed to fill identified gaps.

### **Background Information**

Attachment A: Community and Technical College System Mission Study, Revised Work Plan

October Board agenda item on the Mission Study:

[http://www.sbctc.ctc.edu/docs/board/agendas/2008/oct08/tab\\_1\\_Mission%20study.pdf](http://www.sbctc.ctc.edu/docs/board/agendas/2008/oct08/tab_1_Mission%20study.pdf)

### **Outcomes**

Board members will have an opportunity to discuss the revisions to the study design and to review the analysis on state demographics, educational attainment levels and college participation rates.

**Prepared by:** Jan Yoshiwara, 360 704-4353, [jyoshiwara@sbctc.edu](mailto:jyoshiwara@sbctc.edu)

## Community and Technical College System Mission Study

Revised Work Plan  
November 22, 2008

### **Goal**

The purpose of this study is to:

- Understand how well the community and technical college system is serving the people of Washington State in all three mission areas: academic transfer, workforce education and basic skills
- Understand future needs and strategic challenges based on demographic, economic, financial and cultural trends over the next 20 years
- Identify emerging, effective means of delivering education to adults from our own experiences and from the successes of others
- Make policy recommendations to the State Board about the future size and shape of the college system, including principles about future investment of resources

### **Elements of analysis**

Current and projected need:

- College attainment by region and county, age, race, income and mission area for Washington state adults
- Community and technical college participation by region and county, age, race, income and mission area
- Projected demand based on population forecasts to 2028
- Draw conclusions about who could be better served by the college system today and in the future

Mission area needs:

- Longer term economic and labor force trends in Washington State and the evolving skill requirements to meet the needs for a skilled workforce and a vibrant state economy
- Implications of current and projected needs for growth in academic transfer, workforce education and basic skills
- Implications for the role of community and technical colleges in upper division capacity and applied bachelor's degrees
- Draw conclusions about current and future needs for adult basic education, workforce education and academic transfer education and across regions of the state
- Draw conclusions about the role of community and technical colleges in bachelor's degree access, including expansion of community and technical college applied bachelor's degrees

Effectiveness issues:

- Technology trends, impact on teaching and learning
- Characteristics and learning styles of new, 21<sup>st</sup> century college students
- Examine how other state/countries and public and private institutions are responding to similar identified needs including strategies given limited resources
- Understand how limited financial resources can best respond to the identified needs
- Flexibility to respond to unknown futures and fostering innovation
- Draw conclusions about promising strategies that address broader student achievement within an environment of limited resources

Access issues:

- Transportation and location analysis based on the future distribution of the state population
- Role of eLearning in providing access to community and technical college education
- Draw conclusions about college locations, branch campuses and eLearning capacity

**Process**

Create system task force that includes State Board members, trustees, presidents, faculty and State Board staff

Coordinate efforts with the Higher Education Coordinating Board, Council of Presidents and Workforce Training and Education Coordinating Board

**Timeline**

<i>September 2008</i>	<i>Review study proposal with State Board, college system representatives</i>
October <i>October 22-23</i>	Organize system task force, undertake demographic analysis <i>State Board meeting</i>
<b>November 3</b>	<b>Convene task force:</b> discuss study design, discuss context for future demand
November 6-7	WACTC meeting
November 14	TACTC Board of Directors meeting
<i>December 3-4</i>	<i>State Board meeting</i>
December 11-12	WACTC meeting
<b>January 13, 2009</b>	<b>Task force meeting:</b> discuss mission needs analysis
January 27-28	WACTC meeting
January 25-27	TACTC conference
<i>February 4-5</i>	<i>State Board meeting</i>
February 25-27	WACTC meeting
<b>March 11</b>	<b>Task force meeting:</b> discuss millennial students; discuss the impact of technology on student learning and education delivery
March 25-27	WACTC meeting
<i>April 1-2</i>	<i>State Board meeting</i>
<b>April</b>	<b>Task force meeting:</b> discuss transportation and location analysis; discuss financial issues
April 30-May 1	WACTC meeting
<i>May 6-7</i>	<i>State Board meeting</i>
<b>May</b>	<b>Task force meeting:</b> discuss policies, strategies used to meet evolving and increasing needs for higher education
May 14-16	TACTC conference
May 28-29	WACTC meeting
<b>June</b>	<b>Task force meeting:</b> discuss overall findings and conclusions; draft recommendations
<i>June 10-11</i>	<i>State Board meeting</i>
<b>July</b>	<b>Task force meeting:</b> discuss final recommendations
July 22-26	WACTC meeting
<i>September 14-16</i>	<i>State Board retreat</i>



**REGULAR MEETING OF THE STATE BOARD FOR  
COMMUNITY AND TECHNICAL COLLEGES**

**MEETING MINUTES**

**October 23, 2008**

**State Board Members**

**Erin Munding (Chair), Omak  
Jim Bricker, Coupeville  
Reuven Carlyle, Seattle  
Sharon Fairchild, Spokane  
Jim Garrison, Mt. Vernon  
Jeff Johnson, Olympia  
Tom Koeninger, Vancouver  
Lyle Quasim, Puyallup  
Beth Willis, Tacoma**

**Statutory Authority: Laws of 1967, Chapter 28B.50 Revised Code of Washington**

**State of Washington**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**  
**Olympia**

**ACTION INDEX**  
**October 23, 2008**

<u>Resolution Number</u>	<u>Description</u>	<u>Page in Minutes</u>
	Adoption of Consent Agenda:	
	- Approval of State Board Regular Meeting Minutes for June 12, 2008	1-2
	- Approval of State Board Special Meeting Minutes for July 15, 2008	1-2
	- Approval of State Board Special Meeting Minutes for August 1, 2008	1-2
	- Approval of State Board Regular Meeting Minutes (Retreat) for September 9, 2008	1-2
08-10-32	- Approval of Bellevue CC Property Acquisition	1-2
08-10-33	- Approval of Yakima Valley CC Grandview Property Acquisition	1-2
08-10-34	Approval of 2008-09 State Board Office Budget	2

**STATE OF WASHINGTON  
STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES  
Olympia**

**Regular Meeting Minutes  
October 23, 2008  
Edmonds Community College**

The State Board held a study session on October 22, 2008 from 3:00 p.m. to 5:00 p.m. at Edmonds Community College. The following topics were discussed: System Mission Task Force Update, HECB 2008 Strategic Master Plan for Higher Education Implementation Proposals, SBCTC Technology Division Update, and Legislative Update.

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State Board Members Present: Erin Munding (Chair), Jim Bricker, Jim Garrison, Jeff Johnson, Tom Koeninger, Erin Munding, Lyle Quasim, Beth Willis, Sharon Fairchild

State Board Members Absent: Reuven Carlyle

**CALL TO ORDER AND WELCOME**

Chair Erin Munding called the meeting to order at 8:30 a.m. and welcomed those present. She acknowledged special guest Dr. John Terrey, former SBCTC executive director. Erin thanked the president, trustees, and staff at Edmonds Community College for hosting the meeting and the previous evening's dinner prepared by the college's culinary students.

**ADOPTION OF AGENDA**

**MOTION: Moved by Jim Bricker and seconded by Tom Koeninger that the State Board adopt its October 23, 2008 regular meeting agenda as presented.**

**MOTION CARRIED.**

**HOST COLLEGE PRESENTATION**

President Jack Oharah welcomed the State Board and staff to Edmonds Community College and introduced members of his board and staff. Edmonds Community College trustee Quentin Powers thanked State Board members for the opportunity to host their meeting on campus and to showcase college programs. President Oharah's presentation focused on enrollments; partnership with Central Washington University and the University Center; partnerships with Washington State University and the University of Washington for on-line education; student housing; unique standout and high demand programs; sustainability; service learning; and challenges currently facing the college. The State Board also heard from current and former Edmonds Community College students who shared their unique educational experiences and plans for the future.

**ADOPTION OF CONSENT AGENDA (Resolutions 08-10-32 and 08-10-33)**

**MOTION: Moved by Jim Bricker and seconded by Beth Willis that the State Board adopt the consent agenda for its October 23, 2008 regular meeting as follows:**

- a) Approval of June 12, 2008 State Board regular meeting minutes (ATTACHMENT #1)**
- b) Approval of July 12, 2008 State Board special meeting minutes (ATTACHMENT #2)**
- c) Approval of August 1, 2008 State Board special meeting minutes (ATTACHMENT #3)**

- d) Approval of September 9, 2008 State Board regular meeting (retreat) (ATTACHMENT #4)**
- e) Resolution 08-10-32 (ATTACHMENT #5) – Bellevue CC Property Acquisitions**
- f) Resolution 08-10-33 (ATTACHMENT #6) – Yakima Valley CC Grandview Property Acquisition**

**MOTION CARRIED.**

**APPROVAL OF 2008-09 SBCTC OFFICE BUDGET (Resolution 08-10-34)**

Chris Reykdal of the State Board staff presented the proposed annual budget that was created to match staff resources with major duties and projects of the State Board staff. At the Board's September retreat, staff presented an outlook of the 2008-09 proposed budget reorganized to reflect the new agency structure and the Governor's spending reduction plan. Since then, the Governor issued a second round of spending cuts. The revised 2008-09 proposed budget reflects a reduction of approximately \$355,000 for the Olympia office and an additional \$244,000 for the Information Technology Division in Bellevue for the current fiscal year. He explained how the agency is responding to the current budget situation and answered Board members' questions.

The office budget for 2008-09 is \$22,170 million. This is a decrease over last year's actual expenditures due to staff reductions in grant programs and state funded positions, as well as reduction of goods and services following the Governor's call for expenditure savings in the current fiscal year.

Though the campuses are targeting a 2.6 percent reduction in expected spending, they have an overall increase due to cost of living adjustments, health care costs, new enrollments, and additional program enhancements that were provided by the Legislature. Because of the net growth on campuses, the State Board office budget (Olympia) is expected to shrink from 1.02 percent to 0.95 percent of the total system budget.

**MOTION: Moved by Tom Koeninger and seconded by Jim Garrison that the State Board adopt Resolution 08-10-34 (ATTACHMENT #7) to approve the 2008-09 State Board Office Budget.**

**MOTION CARRIED.**

**REVIEW OF STATE BOARD OF EDUCATION PROPOSAL FOR NEW HIGH SCHOOL GRADUATION REQUIREMENTS – CORE 24**

Kathe Taylor, Policy Director for the Washington State Board of Education (SBE), presented a new development proposal called CORE 24, which increases requirements for high school diplomas. CORE 24 will require students to develop a plan for their future and choose classes to help them achieve their goals. CORE 24 requirements will provide students with a strong academic foundation, with flexibility that will prepare them for whatever path they choose—the workforce, an apprenticeship in the trades, or a community or four-year college.

In July 2008, the SBE adopted a revised rule that will take effect for the class of 2013. The revised rule calls for students to take a progressive sequence of mathematics courses: Algebra I, Geometry, and Algebra II, Integrated Mathematics I, II and III. Career and technical education courses that are the equivalent of any of these courses may be substituted. Students with defined career paths

will have the opportunity to substitute another math course for Algebra II with the approval of a parent/guardian and high school official. The SBCTC considered this proposal and adopted a resolution supporting the proposed change in December 2007.

Dr. Taylor answered Board members' questions and addressed their concerns about the CORE 24 proposal. The SBE is requesting the SBCTC to endorse CORE 24 at its December 2008 meeting. SBCTC staff will prepare and present a resolution for the Board's consideration at that meeting.

### **DIRECTOR'S REPORT**

Executive Director Charlie Earl covered the following topics during his report:

- Clover Park TC Fire Update
- Tuition Considerations
- WorkFirst Update
- Adult Literacy Week
- Combined Fund Drive Campaign
- Office Reorganization Update
- Washington State Quality Awards
- Faculty Conversions

### **CHAIR'S REPORT**

Chair Mundinger presented her report:

- **Trustees' Association Report.** TACTC President Carol Landa-McVicker reported on the October 1 New Trustee Orientation session and the annual dinner meeting with system leaders; the October 2 TACTC Legislative Plenary Session featuring keynote speaker Victor Moore, Director of the Office of Financial Management; new EMSI Study; Head Start Month; strategies for reducing travel-related costs for the organization. TACTC secretary Mauri Moore reported on TACTC's advocacy efforts.
- **Presidents' Association Report.** WACTC President Don Bressler reported on the September 25-26 WACTC meeting. WACTC is compiling a list of unfunded mandates that may be proposed for possible elimination. WACTC Legislative Committee Chair Michele Johnson reported on challenges facing the colleges going into the next legislative session. Using Renton Technical College as an example, Dr. Bressler described how budget cuts and revenue shortfall will impact his college.
- **Parking Lot Items.** An updated list of the State Board's parking lot items was presented for review. The Executive Committee of the Board will continue to examine and revise the list following each meeting.

### **BOARD MEMBER NOTES**

- Tom Koenninger reported briefly on the 2008 TACTC Legislative Plenary Session that he recently attended and commended the trustees on a stimulating and educational meeting.
- Jeff Johnson announced that he has been appointed by the Governor to serve on the Washington's New Americans Policy Council. The Council will make recommendations to the Governor on strategies to help legal permanent residents of the state to become naturalized citizens.

**ADJOURNMENT/NEXT MEETING**

There being no further business, the State Board adjourned its regular meeting of October 23, 2008 at 11:15 p.m. The Board will hold its next meeting on December 3-4, 2008 at Clark College.

\_\_\_\_\_  
Erin Munding, Chair

ATTEST:

\_\_\_\_\_  
Charles N. Earl, Secretary



## **REGULAR MEETING AGENDA ITEM**

December 4, 2008

TAB 4b

Consent Item  Action (Resolution 08-12-35)

### **Topic**

Bellevue Community College – Office Renovation

### **Description**

Bellevue Community College is in the process of making renovations for the relocation and remodel of the Institutional Advancement and Payroll/Human Resources Offices. Expenditure of local funds on capital projects that exceed \$400,000 requires State Board authorization. The college and its board of trustees are requesting authority to use local funds (Fund 147) for renovations for the relocation and remodel of the Institutional Advancement and Payroll/Human Resources Offices.

### **Major Considerations**

- The college has sufficient local capital funds to complete the project.
- Bellevue Community College Board of Trustees approved the expenditure to complete the work in their 2008-09 Fiscal Year Budget pending authorization by the State Board.

### **Analysis**

Currently the Institutional Advancement Office has outgrown their space needs. The Payroll/Human Resources Office is located in an area with poor ventilation and lacks the ability to lock confidential files from the general public, which poses a significant risk to the college in maintaining security of personnel records. On May 14, 2008, the Bellevue Community College Board of Trustees approved the expenditure to complete the work in their 2008-09 Fiscal Year Budget pending authorization by the State Board. The college has set aside an amount not to exceed \$910,000 (\$53,000 for design and \$857,000 for construction). The amount is covered by local funds (Fund 147).

### **Recommendation**

The staff recommends approval of Resolution 08-12-35, allowing Bellevue Community College to expend up to \$910,000 in local funds to make renovations for the relocation and remodel of the Institutional Advancement and Payroll/Human Resources Offices

**Prepared by:** Tom Henderson, 360-704-4382, thenderson@sbctc.edu.

**STATE OF WASHINGTON**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**  
**RESOLUTION 08-12-35**

**WHEREAS**, Bellevue Community College is in the process of making renovations for the relocation and remodel of the Institutional Advancement and Payroll/Human Resources Offices; and

**WHEREAS**, Bellevue Community College Board of Trustees on May 14, 2008, approved the expenditure of local funds to complete the project pending authorization by the State Board; and

**WHEREAS**, the college has a reserve balance of sufficient local funds for the renovations,

**THEREFORE BE IT RESOLVED** that the State Board for Community and Technical Colleges authorizes Bellevue Community College to use up to \$910,000 to make renovations for the relocation and remodel of the Institutional Advancement and Payroll/Human Resources Office.

**APPROVED AND ADOPTED** on December 4, 2008.

\_\_\_\_\_  
Erin Munding, Chair

**ATTEST:**

\_\_\_\_\_  
Charles N. Earl, Secretary



## **REGULAR MEETING AGENDA ITEM**

TAB 5

December 4, 2008

Discussion  Action (Resolution 08-12-36)

### **Topic**

Providing for after-tax contributions to the State Board Voluntary Retirement Savings Plan

### **Description**

The State Board sponsors a voluntary 403(b) retirement savings plan administered by TIAA-CREF. Employees participate on a voluntary basis, with pre-tax contributions being deducted solely from the participating employee's salary. If adopted, this proposal allows participants to make some portion of their retirement savings contributions on an after-tax basis.

### **Key Questions**

- Should the State Board revise its 403(b) retirement savings plan to provide for after-tax Roth contributions?

### **Analysis**

Providing access to a top quality retirement savings program is key to attracting and retaining a talented, innovative faculty and staff. Under authority provided by state law, the Board sponsors a mandatory 401(a) *employer* funded, defined contribution retirement plan and a voluntary 403(b) *employee* funded retirement savings program. The inclusion of a Roth account offers an enhanced benefit option that leads to or maintains competitiveness with other employers and institutions.

If a Roth 403(b) account is provided, contributions to the State Board retirement savings plan could be designated as traditional pre-tax contributions, after-tax Roth Contributions or some combination of the two. Any growth realized on Roth contributions is not taxable to the participating employee, his/her beneficiary and/or heirs as long as conditions for qualified distributions are met.

There are a number of potentially beneficial aspects of a Roth 403(b). Unlike traditional 403(b) contributions, which are made pre-tax, Roth contributions are made with after-tax dollars. A Roth option may benefit early career employees who are likely paying lower taxes now than in the future and would benefit from tax-free earnings over their career. Alternatively, employees who do not anticipate being in a lower tax bracket at retirement would also benefit. Also, employees whose income exceeds the allowable amount for participation in a Roth IRA, may participate in a Roth 403(b).

The Roth 403(b) option offers the same benefits, rights and features currently in the 403(b) plan, including investment choices. Contributions and earnings are tracked separately to ensure that they are not commingled with any pre-tax contributions.

TIAA-CREF has agreed to offer the Roth option, effective January 1, 2009, and to comply with all recordkeeping and other legal requirements.

### **Background Information**

The State Board has sponsored a voluntary 403(b) retirement savings plan since the early 1970's, providing for classified, faculty and exempt employees to voluntarily defer some portion of their salary for retirement. The Plan relied upon TIAA-CREF for plan administration and compliance with IRS regulations.

On July 23, 2007, the IRS issued final regulations for plans operating under section 403(b) of the Internal Revenue Code. The new regulations require a written plan document that allocates responsibilities for the administrative functions and identifies who is responsible for compliance with tax laws. Additionally, the plan document must address all material terms and conditions for eligibility, benefits, contribution limits, investments and distributions. Responding to these new requirements, the State Board adopted a 403(b) Plan Document during its October 2007 meeting.

Under the terms of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the Roth 403(b) contribution option was scheduled to sunset in 2010. However, the Pension Protection Act of 2006 made permanent all of EGTRRA's provisions. This means that the option to make Roth contributions is now a permanent provision under the Federal Tax Code. In light of this change, plus enhanced capability in TIAA-CREF's information system, adding a Roth option to the State Board's voluntary retirement savings program is both administratively feasible and beneficial to employees.

Attachment A is the new Section 5 of the 403(b) Plan document that has been inserted to provide for the after-tax Roth account. It addresses and/or provides for after-tax elective deferrals, separate accounting and the rollover and distribution of funds. The text of the Roth Plan amendment is compliant with applicable Internal Revenue Codes.

### **Background Information**

Attachment A – Amendment to 403(b) Plan Document

### **Recommendation/Outcomes**

Staff recommends approval of Resolution 08-12-36, effective January 1, 2009, allowing for an after-tax Roth account to be established within the State Board's voluntary 403(b) retirement savings plan.

**Prepared by:** John Boesenberg, 360-704-4303, [jboesenberg@sbctc.edu](mailto:jboesenberg@sbctc.edu)

**STATE OF WASHINGTON**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**  
**RESOLUTION 08-12-36**

A resolution relating to adoption of revisions to the State Board's 403(b) Retirement Savings Plan Document providing for contributions to be made on an after-tax basis.

**WHEREAS**, the State Board recognizes the importance of saving for retirement and desires to encourage participation in a retirement savings program; and

**WHEREAS**, the State Board has statutory authority to assist Community and Technical College system employees save for retirement through sponsoring retirement income plans; and

**WHEREAS**, the State Board desires to continue its sponsorship of a retirement savings program under Code Section 403(b) funded by voluntary employee contributions; and

**WHEREAS**, the State Board recognizes the value to some participants of having a portion of their retirement saving distributions not subject to taxes

**WHEREAS**, the State Board is a government entity not subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") or subject to certain coverage and non-discrimination provisions of the Code, and whereas the State Board does not intend to voluntarily subject the Plan to any other provisions of ERISA or the Code that are not required of governmental plans;

**THEREFORE BE IT RESOLVED** that the State Board for Community and Technical Colleges adopts the amendment to its 403(b) Plan Document included as Attachment A, effective January 1, 2009, which is intended to add an after-tax Roth option.

**APPROVED AND ADOPTED** on December 4, 2008.

\_\_\_\_\_  
Erin Munding, Chair

**ATTEST:**

\_\_\_\_\_  
Charles N. Earl, Secretary

Amendment to  
Plan Document - Voluntary 403(b) Saving Program

## **5. Special Terms Applicable to After-Tax (Roth) Elective Deferrals**

**5.1 General Application.** This Section applies to contributions made after January 1, 2009. As of this effective date, this Program will accept after tax or “Roth” Contributions made by Participants. A Participant's Roth Elective Deferrals will be allocated to a separate account maintained for such deferrals as described in section 5.2. Unless specifically stated otherwise, Roth Elective Deferrals will be treated as elective deferrals for all purposes under this Program.

**5.2 Separate Accounting.** Contributions and withdrawals of Roth Elective Deferrals will be credited and debited to the Roth Elective Deferral Account maintained for each Participant. The Plan will maintain a record of the amount of Roth Elective Deferrals in each Participant's account. Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant's Roth Elective Deferrals Account and the Participant's other Accounts under the Plan. No contributions other than Roth Elective Deferrals and properly attributable earnings will be credited to each Participant's Roth Elective Deferral Account.

**5.3 Direct Rollovers.** Notwithstanding any other Section of this Plan, a direct rollover of a distribution from a Roth Elective Deferral Account under this Program will only be made to another Roth Elective Deferral Account under an applicable retirement plan described in Code §402A(e) or to a Roth IRA described in Code §408A, and only to the extent the rollover is permitted under the rules of Code §402(c). Notwithstanding any other Section of this Plan, this Program will accept a rollover contribution to a Roth Elective Deferral Account only if it is a direct rollover from another Roth Elective Deferral Account under an applicable retirement plan described in Code §402A(e) and only to the extent the rollover is permitted under the rules of Code §402(c).

**5.4 Roth Distributions.** A qualified distribution of designated Roth Elective Deferrals is excludable from gross income. A qualified distribution is one that occurs at least 5 years after the year of the participant's first designated Roth Elective Deferral (counting such first year as part of the 5) and is made after the first of the following occur:

- On or after attainment of age 59 ½
- On account of the participant's disability, or
- On or after the participant's death.

A non-qualified distribution from a designated Roth elective deferral account shall be taxable under Code Section 72, with the after tax designated Roth Elective Deferral constituting investment in the Program.



## **REGULAR MEETING AGENDA ITEM**

TAB 6

December 4, 2008

Discussion    Action (Resolution 08-12-37)

### **Topic**

Standard of Code of Conduct for State Board Members

### **Description**

Members serving on the State Board for Community and Technical Colleges are subject to Washington's statutes governing ethics in public service (Chapter 42.52 RCW). The law requires citizens appointed to carry out public duties (state officers) to act with honesty and integrity. State officers are prohibited from using their office for personal gain or private advantage. A state officer who violates the state's ethics law is subject to both the sanctions of the law and the scrutiny of the media.

### **Key Questions**

- *Does the proposed SBCTC Board Standard of Conduct include the appropriate expectations for members of the State Board?*

### **Analysis**

At the September 2007 retreat, State Board members discussed the importance of adopting a code of conduct that is consistent with state law and clarifying additional expectations for Board impartiality and effectiveness.

A Standard of Conduct was drafted by State Board Executive Committee members Erin Munding, Jim Bricker, and Jim Garrison and Executive Director Charlie Earl.

It was distributed to all Board members for their input at the June 2008 State Board meeting with no suggested revisions being offered as of this writing.

### **Recommendation**

Staff recommends approval of Resolution 08-12-37, adopting the SBCTC Board Standard of Conduct.

**Prepared by:** Charles N. Earl, 360-704-4355 and [cearl@sbctc.edu](mailto:cearl@sbctc.edu)

**STATE OF WASHINGTON**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**  
**RESOLUTION 08-12-37**

A resolution relating to a standard of conduct for State Board members.

**WHEREAS**, members of the State Board for Community and Technical Colleges are state officers and subject to statutes governing ethics in public service; and

**WHEREAS**, members determined that a Standard of Conduct is needed to clarify expectations for effective Board participation in addition to ethics; and

**WHEREAS**, a standard of conduct for State Board for Community and Technical Colleges members should be consistent with Ethics in Public Service, Chapter 42.52 RCW.

**THEREFORE BE IT RESOLVED** that the State Board for Community and Technical Colleges formally adopts the attached SBCTC Board Standard of Conduct.

**APPROVED AND ADOPTED** on December 4, 2008.

\_\_\_\_\_  
Erin Munding, Chair

**ATTEST:**

\_\_\_\_\_  
Charles N. Earl, Secretary



## BOARD STANDARD OF CONDUCT

December 4, 2008

- **A State Office.** Members on the State Board for Community and Technical Colleges are subject to Washington's statutes governing ethics in public service (Chapter 42.52 RCW). The law requires citizens appointed to carry out public duties (state officers) to act with honesty and integrity. State officers are prohibited from using their office for personal gain or private advantage. A state officer who violates the state's ethics law is subject to both the sanctions of the law and the scrutiny of the media.
- **Commitment to Service.** Board members must commit themselves to:
  - Act in good faith and in the best interests of the college system for the public trust.
  - Reach informed judgments based on thorough review of pending issues.
- **Integrity and Independence.** It is the responsibility of Board members to:
  - Accept a personal obligation to the goals and policies of the community and technical college system.
  - In every case, avoid the fact or appearance of personal gain or private advantage.
  - Always be mindful of the distinctions between one's role as an SBCTC member from any other position in business, community organization or political advocacy.
  - Contact the SBCTC Director of Human Resources if a particular activity raises doubt about its propriety. The State Board's Assistant Attorney General is also available to discuss ethical issues. In some circumstances, a Board member may request ethics advice from the director of the State Executive Ethics Board. Board members seeking such advice are encouraged to keep the State Board's Executive Director informed.

- **Board Standard of Conduct.** Board members are expected to:
  - Promote a high level of service to the community and technical college system while observing ethical standards.
  - Avoid situations in which personal interests would be served or financial benefits gained that could reflect negatively on students, colleagues, or the college system.
  - Distinguish personal actions and statements from those of the system, acknowledging the formal position of the State Board even if he/she personally disagrees.
  - Disqualify themselves promptly when impartiality may be questioned.
  - Respect the confidential nature of executive sessions and comply with applicable laws governing public information.
  - Participate in all Board decisions and activities as fully as possible. The ability to do so is an important consideration for membership. (Refer to State Board Bylaws, Membership Attendance Policy.)

Approved and adopted on December 4, 2008  
Resolution 08-12-37

## **REGULAR MEETING AGENDA ITEM**

December 4, 2008

TAB 7

Discussion  Action (Resolution 12-08-38 and 12-08-39)

### **Topic**

Legislative and Budget Update

### **Description**

On November 19, 2008, The Washington State Revenue Forecast Council adopted the November Revenue forecast which includes estimates for the current biennium (2007-09) as well as projections for the 2009-11 biennium. Led by a substantial slowdown in retail sales, the state government revenue picture continues to deteriorate. Based on the November revenue forecast and some analysis by the Office of Financial Management to project spending obligations, the 2009-11 state budget deficit is now projected to exceed \$5 billion. The Governor has taken steps to reduce budgets in the current fiscal year (2008-09). At the time of this publication, the colleges were working to reduce current year spending by 4.1%. Furthermore, the Office of Financial Management has asked the State Board to consider the impacts that a 20% budget cut would have during the 2009-11 biennium. Governor Gregoire is expected to release her 2009 supplemental budget and 2009-11 biennial budget recommendations during the week of December 15<sup>th</sup>.

### **Key Questions**

- Should the Board remove earmarked funds during this challenging fiscal environment to provide the colleges maximum flexibility in addressing budget reductions?
- What is the proper balance between college flexibility to balance local budgets and the Board's want for continued progress as described by the System Direction?
- What is the right balance between potential budget cuts and tuition increases to help offset those cuts?
- With substantial budget cuts is it time to reduce enrollments in order to maintain quality and effectiveness?
- Despite large budget cuts, is there a sub-set of operating and capital budget priorities that should be advanced to the legislature as the college system's contribution to economic recovery?

### **Analysis**

#### **Budget Reductions**

Attachment B includes the statutory language that empowers the board to declare a financial emergency when specific conditions are met. One of the following must occur before the board can declare a financial emergency:

- 1) The Governor must take official action to reduce allotments;
- 2) The college system's operating budget must be reduced by the legislature from one year to the next within a biennium (adjusted for inflation, IPD); or
- 3) The college system's operating budget must be reduced by the legislature from one biennium to the next (adjusted for inflation, IPD).

By declaring a financial emergency colleges are granted expedited authority to take personnel actions necessary to align their cost structures with reduced state allocations. The last time this action was taken was in 1982 amidst a substantial economic slump that caused the legislature to dramatically cut the college system's budget as well as reduce enrollment targets. With over 80% of the colleges' cost structure tied up in salaries and benefits, it will be very difficult to meet current-year budget reductions without shrinking costs associated with employees. If 20% reductions are adopted for the 2009-11 biennium, personnel reductions will be inevitable at every institution.

It appears that the Governor will not reduce allotments. Therefore, the earliest the Board could act to declare a financial emergency would be immediately following legislative action on the 2009 supplemental budget; and only if the cut results in a reduction of total state appropriations from FY2008 to FY2009 adjusted for inflation. Supplemental budget adoption could occur as early as late January or as late as June.

If the supplemental budget reduction does not trigger the Board's authority, the Board could declare a financial emergency following legislative action to adopt the 2009-11 biennial operating budget; but only if the 2009-11 biennial budget is smaller than the 2007-09 budget adjusted for inflation. The biennial budget is expected to be adopted sometime between late April and late June of 2009.

Given these timelines, staff recommends that the Board act to officially direct the colleges to reduce spending in the current year (FY2009), by a minimum of 4.1% of state allocations. Resolution 12-08-38 also delegates to the Executive Director the authority to remove Board earmarks where appropriate to afford colleges maximum flexibility in meeting current-year budget cuts.

### **Economic Stimulus Package**

Attachment A includes a staff recommendation for an economic stimulus package that includes 2009-11 operating budget request items and a set of capital projects that could be advanced to the construction phase almost immediately. The operating budget items reflect targeted investments that would position the system to contribute almost immediately to economic recovery. The Governor has asked that the college system to submit ideas for economic stimulus (both operating and capital). This narrow list of budget additions would be advanced to the Governor and the legislature as they contemplate a targeted economic stimulus package. A similar concept is being promoted by Governor Gregoire and other governor's with the incoming Obama Administration.

### **Background Information**

- Attachment A – Economic Stimulus Package
- Attachment B - Statutory language that empowers the board to declare a financial emergency
- October 2008 Board Meeting Agenda Item (Legislative Update):  
[http://www.sbctc.ctc.edu/docs/board/agendas/2008/oct08/2008\\_oct\\_meeting\\_agenda\\_complete.pdf](http://www.sbctc.ctc.edu/docs/board/agendas/2008/oct08/2008_oct_meeting_agenda_complete.pdf)
- September Retreat Agenda Item (Budget and Advocacy):  
[http://www.sbctc.ctc.edu/docs/board/agendas/2008/sept08/tab3\\_budget\\_and\\_advocacy\\_complete.pdf](http://www.sbctc.ctc.edu/docs/board/agendas/2008/sept08/tab3_budget_and_advocacy_complete.pdf)

**Recommendation/Outcomes**

- Staff recommends that the Board adopt Resolution 12-08-38 – Directing the colleges to adopt budget cuts consistent with the guidance provided by the Office of Financial Management, including a request to the Executive Director that certain allocation earmarks be reviewed and potentially eliminated.
- Staff recommends that the Board adopt Resolution 12-08-39 – Economic Stimulus Package

**Prepared by:** Chris Reykdal, 360-704-4390, creykdal@sbctc.ctc.edu

**STATE OF WASHINGTON**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**  
**RESOLUTION 12-08-38**

A resolution directing the colleges to adopt budget cuts consistent with the guidance provided by the Office of Financial Management, including a request to the Executive Director that certain allocation earmarks be reviewed and potentially eliminated.

**WHEREAS** the global, national, and state economies have deteriorated substantially over the last six months; and

**WHEREAS** the current state budget deficit for the 2009-11 biennium is currently predicted to exceed \$5 billion; and

**WHEREAS** the Governor has asked the college system to reduce spending in the current year by \$30,546,901 (4.1% of current-year state appropriations); and

**WHEREAS** the colleges now have less than seven months to achieve reductions for the current year; and

**WHEREAS** the Office of Financial Management has asked the college system to consider the impacts of a 20% reduction in state appropriations for the 2009-11 biennium;

**THEREFORE BE IT RESOLVED** that the State Board directs the colleges to reduce spending by a minimum of 4.1% of current year (FY2009) state allocations.

**BE IT FURTHER RESOLVED** that the Board delegates authority to the Executive Director to review and remove current-year Board earmarks where appropriate to afford the colleges maximum flexibility in achieving budget reductions. The Director is also encouraged to work with the Office of Financial Management and the legislature to remove budget provisions that restrict colleges from achieving the targeted budget reductions.

**APPROVED AND ADOPTED** on December 4, 2008.

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Erin Munding, Chair

**ATTEST:**

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Charles N. Earl, Secretary

**STATE OF WASHINGTON**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**  
**RESOLUTION 12-08-39**

A resolution relating to the 2009-11 operating budget request.

**WHEREAS** on June 12, 2008, the State Board for Community and Technical Colleges authorized the Director to submit to the Governor a 2009-11 community and technical college system operating budget request for an estimated \$463,000,000, including maintenance level and policy level items; and

**WHEREAS** the budget conditions of the state have deteriorated rapidly over the last six months; and

**WHEREAS** the colleges are a critical investment necessary to achieve better economic prosperity in Washington;

**THEREFORE BE IT RESOLVED** that the State Board adopt Resolution 12-08-39, approving a set of operating and capital budget items to be recommended to the Governor for inclusion in an economic stimulus package to help the state recover more quickly, Attachment A.

**BE IT FURTHER RESOLVED** that the State Board delegates authority to the Executive Director to modify the economic stimulus list as necessary to address changing conditions, cost estimates, project timelines, and other unforeseen issues.

**APPROVED AND ADOPTED** on December 4, 2008.

\_\_\_\_\_  
Erin Munding, Chair

**ATTEST:**

\_\_\_\_\_  
Charles N. Earl, Secretary

## Community and Technical College System Economic Stimulus Package

During economic recessions, citizens and businesses need the community and technical colleges the most. With targeted investments in the State's community and technical colleges, Washington's economic recovery can not only be hastened but the underlying economy can be stronger following the recession.

The community and technical colleges are poised to respond to the needs of the economy immediately in two fundamental areas: the development of human capital and capital construction.

### Human Capital

Economic recovery only happens when the state's workforce has been retooled and redeployed in new industries. The two-year college system will continue to advocate for the preservation of existing programs and services, but must protect, if not enhance existing programs specifically designed to infuse the economy with skilled workers in high demand fields.

- **High Demand Enrollments:** High demand enrollments allow community and technical colleges to train the workers of tomorrow for jobs that contribute to the economy in STEM fields and industries such as construction, manufacturing, clean energy and healthcare.
- **Opportunity Grants:** Opportunity Grants help low-income adults reach the educational tipping point through approved high-wage, high-demand career pathways.
- **Worker Retraining:** Worker Retraining can help pay for tuition, books, fees, and other related expenses for individuals who lost their jobs due to economic changes and for those receiving Unemployment Insurance (UI) benefits so they may quickly retool and return to the workforce.
- **Job Skills Program (JSP):** Through business partnerships, JSP provides funding for customized training in regions with high unemployment rates and high levels of poverty. It also supports areas with new and growing industries; locations where the local population does not have the skills needed to stay employed; and those regions impacted by economic changes that cause large-scale job loss.

**Capital Construction**

- Community and technical colleges have identified 12 capital projects (11 bond funded and one alternatively financed project) totaling \$249 million that can be accelerated and bid within 90 days. In addition, there are another six projects totaling \$126 million that can bid before September 2009.
- Advancing bid dates to March/April 2009 will require action on the part of the colleges to speed up design and will require a favorable response from permitting agencies to accelerate the construction permit process. Projects with a projected September 2009 bid date require no additional action.
- Every \$100 million spent on construction results in approximately 1,000 direct construction trades jobs and another 100 jobs in fields such as project management, material supply, and delivery.

**Projects that can be bid by March/April 2009**

Priority	Project Title	Project Cost
7	Sophia Bremer Child Dev Center - Olympic College	\$ 4,000,000
13	Green River Community College: Humanities and Classroom Building	\$ 27,928,000
15	Columbia Basin College: Vocational Building	\$ 21,204,000
17	Spokane Falls Community College: Chemistry and Life Science Bldg.	\$ 29,263,000
18	Spokane Community College: Technical Education Building	\$ 32,335,000
26	Palmer Martin Building - Yakima Valley CC	\$ 15,503,000
35	Spokane Community College: Building 7 Renovation	\$ 10,042,000
36	Spokane Falls Community College: Music Building 15 Renovation	\$ 14,351,000
37	Pierce College Fort Steilacoom: Cascade Core	\$ 23,509,000
51	Spokane Falls Community College: Campus Classrooms	\$ 21,552,000
54	Clover Park Technical College: Allied Health Care Facility	\$ 25,516,000
COP	North Seattle Community College: Employment Resource Center	\$ 23,840,000
<b>Total Projects that can be bid by March/April 2009</b>		<b>\$ 249,043,000</b>

**Projects that can be bid by September 2009**

Priority	Project Title	Project Cost
9	Fisheries Program - Bellingham Technical College	\$ 4,579,000
14	Seattle Central Community College: Wood Construction Center	\$ 27,928,000
16	Peninsula College: Business and Humanities Center	\$ 35,397,000
21	Bellingham Technical College: Instructional Resource Center	\$ 29,103,000
52	Lake Washington Technical College: Allied Health Building	\$ 27,354,000
57	Infrastructure - Everett Community College	\$ 2,146,000
<b>Total Projects that can be bid by September 2009</b>		<b>\$126,507,000</b>

**RCW 28B.50.873**

**Reduction in force of tenured or probationary faculty members due to financial emergency — Conditions — Procedure — Rights.**

The college board may declare a financial emergency under the following conditions: (1) Reduction of allotments by the governor pursuant to \*RCW 43.88.110(2), or (2) reduction by the legislature from one biennium to the next or within a biennium of appropriated funds based on constant dollars using the implicit price deflator. When a district board of trustees determines that a reduction in force of tenured or probationary faculty members may be necessary due to financial emergency as declared by the state board, written notice of the reduction in force and separation from employment shall be given the faculty members so affected by the president or district president as the case may be. Said notice shall clearly indicate that separation is not due to the job performance of the employee and hence is without prejudice to such employee and need only state in addition the basis for the reduction in force as one or more of the reasons enumerated in subsections (1) and (2) of this section.

Said tenured or probationary faculty members will have a right to request a formal hearing when being dismissed pursuant to subsections (1) and (2) of this section. The only issue to be determined shall be whether under the applicable policies, rules or collective bargaining agreement the particular faculty member or members advised of severance are the proper ones to be terminated. Said hearing shall be initiated by filing a written request therefor with the president or district president, as the case may be, within ten days after issuance of such notice. At such formal hearing the tenure review committee provided for in RCW 28B.50.863 may observe the formal hearing procedure and after the conclusion of such hearing offer its recommended decision for consideration by the hearing officer. Failure to timely request such a hearing shall cause separation from service of such faculty members so notified on the effective date as stated in the notice, regardless of the duration of any individual employment contract.

The hearing required by this section shall be an adjudicative proceeding pursuant to chapter 34.05 RCW, the Administrative Procedure Act, conducted by a hearing officer appointed by the board of trustees and shall be concluded by the hearing officer within sixty days after written notice of the reduction in force has been issued. Ten days written notice of the formal hearing will be given to faculty members who have requested such a hearing by the president or district president as the case may be. The hearing officer within ten days after conclusion of such formal hearing shall prepare findings, conclusions of law and a recommended decision which shall be forwarded to the board of trustees for its final action thereon. Any such determination by the hearing officer under this section shall not be subject to further tenure review committee action as otherwise provided in this chapter.

Notwithstanding any other provision of this section, at the time of a faculty member or members request for formal hearing said faculty member or members may ask for participation in the choosing of the hearing officer in the manner provided in RCW 28A.405.310(4), said employee therein being a faculty member for the purposes hereof and said board of directors therein being the board of trustees for the purposes hereof: PROVIDED, That where there is more than one faculty member affected by the board of trustees' reduction in force such faculty members requesting hearing must act collectively in making such request: PROVIDED FURTHER, That costs incurred for the services and expenses of such hearing officer shall be shared equally by the community or technical college and the faculty member or faculty members requesting hearing.

When more than one faculty member is notified of termination because of a reduction in force as provided in this section, hearings for all such faculty members requesting formal hearing shall be consolidated and only one such hearing for the affected faculty members shall be held, and such consolidated hearing shall be concluded within the time frame set forth herein.

Separation from service without prejudice after formal hearing under the provisions of this section shall become effective upon final action by the board of trustees.

It is the intent of the legislature by enactment of this section and in accordance with RCW 28B.52.035, to modify any collective bargaining agreements in effect, or any conflicting board policies or rules, so that any reductions in force which take place after December 21, 1981, whether in progress or to be initiated, will comply solely with the provisions of this section: PROVIDED, That any applicable policies, rules, or provisions contained in a collective bargaining agreement related to lay-off units, seniority and re-employment rights shall not be affected by the provisions of this paragraph.

Nothing in this section shall be construed to affect the right of the board of trustees or its designated appointing authority not to renew a probationary faculty appointment pursuant to RCW 28B.50.857.

[1991 c 238 § 72; 1990 c 33 § 559; 1989 c 175 § 81; 1981 2nd ex.s. c 13 § 1.]

**Notes:**

\***Reviser's note:** RCW 43.88.110 was amended by 1991 c 358 § 2 changing subsection (2) to subsection (3).

**Purpose -- Statutory references -- Severability -- 1990 c 33:** See RCW 28A.900.100 through 28A.900.102.

**Effective date -- 1989 c 175:** See note following RCW 34.05.010.

**Severability -- 1981 2nd ex.s. c 13:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1981 2nd ex.s. c 13 § 3.]