Resetting the Foundation

Retreat dress is casual.

Monday, September 14 – Retreat

12:00 p.m. Welcome, introductions and lunch
Shaunta Hyde, chair

1:05 p.m. State Board self-assessment and work plan development
Discussion Facilitated by Shaunta Hyde

2:15 p.m. Break

2:30 p.m. Continued discussion

5:00 p.m. Recess for the day

6:00 p.m. Dinner meeting

Tuesday, September 15 – Retreat

9:00 a.m. Breakfast

9:45 a.m. Welcome, introductions and retreat overview
Shaunta Hyde, chair

10:00 a.m. 2015-16 goals and policy focus review
Discussion facilitated by Marty Brown

10:45 a.m. Operating budget 101
Discussion facilitated by Nick Lutes

11:30 a.m. 2016 supplemental operating budget recommendations
Discussion facilitated by Nick Lutes

12:00 p.m. Lunch

1:00 p.m. System mission challenges
Discussion facilitated by Marty Brown

3:00 p.m. Break

3:15 p.m. Getting to know you
Discussion facilitated by Shaunta Hyde

4:15 p.m. Recess for the day

5:30 p.m. Dinner meeting

11:00 p.m. “Viva Mexico, Viva la independencia”
**Wednesday, September 16 – Business Meeting**

**El Grito de Independencia**

8:00 a.m. **Breakfast**

9:00 a.m. **Welcome and call to order**

*Shaunta Hyde, Chair*

9:05 a.m. **Adoption of business meeting agenda**

9:10 a.m. **Approval of consent agenda**

- a) State Board Meeting Minutes: June 23, 2015
- b) Centralia College, property acquisition, parking
  
  **Resolution 15-09-35**
  
- c) Yakima Valley Community College, property acquisition, parking
  
  **Resolution 15-09-36**
  
- d) Bellevue College, student housing
  
  **Resolution 15-09-37**
  
- e) Bellevue College, building B renovation
  
  **Resolution 15-09-38**
  
- f) Bellevue College, gymnasium remodel
  
  **Resolution 15-09-39**
  
- g) Bellevue College, student center predesign
  
  **Resolution 15-09-40**
  
- h) Spokane Community College, expansion of counseling and tutoring center
  
  **Resolution 15-09-41**
  
- i) Spokane Community College, enhance boiler energy efficiencies
  
  **Resolution 15-09-42**
  
- j) Everett Community College, ground lease, WSU building
  
  **Resolution 15-09-43**
  
- k) 2015-16 Resources to initiate successful employment (RISE)
  
  **Resolution 15-09-46**

9:15 a.m. **2017 Allocation model update**

*Nick Lutes*

9:45 a.m. **Break**

10:00 a.m. **Consideration of 2017 allocation model**

*Resolution 15-09-44*

*Nick Lutes*

10:45 a.m. **Consideration of 2016 supplemental operating budget request**

*Resolution 15-09-45*

*Nick Lutes*

11:30 a.m. **ctcLink update**

*Mike Scroggins*

11:45 a.m. **Adjournment**

*Updated: September 9, 2015*
State board goals and policy focus review

**Brief description**
Community and technical colleges provide the skill infrastructure our state needs, and the bridge to prosperity that every Washingtonian deserves.

The State Board adopted the System Direction in 2006 with three major goals related to economic demand, student success, and innovation. The System Direction has served as the framework for the Board’s work. In 2010, the Board adopted ten recommendations for the Mission Study “to find more and better ways to reduce barriers and expand opportunities so more Washingtonians can reach higher levels of education.” Intermediate benchmarks are also mapped. Each recommendation has a 20-year target for where the system should be in 2030 to meet the three major goals and be an active contributor to Washington’s economic prosperity.

Within this framework, the Board completed its 2014-2015 goals and policy focus during the October 29, 2014 meeting.

**How does this link to the system direction, mission study and policy focus**
The State Board for Community and Technical Colleges’ goals for 2014-15 seek to raise educational attainment, open more doors to college education – particularly for Washington’s fast-growing adult population – and build upon our tradition of excellence. The 2014-15 goals drafted collaboratively with system representatives are consistent with the goals and objectives listed in the System Direction and Mission Study and align with the Washington Student Achievement Council’s Roadmap.

Progress on these goals will be made through focus on specific policy initiatives, including metrics. Although the areas of policy focus align with existing Board and state goals, some of the identified areas are new, designed to address current and anticipated future needs, and some continue the progress made during this past year.

**Background information and analysis**
- **Attachment A**, Draft 2015-16 State Board Goals
- **Attachment B**, Draft 2015-16 State Board Policy Focus

**Potential questions**
- Are the identified goals the “correct” goals for our Board and System for this time?
- Will focus on the policy initiatives contribute to progress on system and state goals?

**Recommendation/preferred result**
Board members will have an opportunity to discuss progress towards achieving the desired results of the Goals and Policy Focus for 2015-16 with system leaders and Board staff.

Policy Manual change Yes ☐ No ☒

Prepared by: Marty Brown, executive director
360-704-4355, mbrown@sbctc.edu
Our vision

The connection between higher education and Washington’s economy is direct and powerful. Students need access to higher education to land well-paying jobs; employers need skilled employees to compete and thrive. Yet higher education is not growing fast enough to meet the needs of Washington. The 2014-15 State Board goals advance our 2023 state education goals that at least 70 percent of Washington adults have a postsecondary credential and 100 percent have a high school degree.

The State Board goals are designed to raise educational attainment, open more doors to college education – particularly for our fast-growing adult population – and build upon our tradition of excellence. Community and technical colleges provide the skill infrastructure our state needs, and the bridge to prosperity that every Washingtonian deserves.

Contribute to Washington’s economic prosperity and skills development by:

- Promoting student achievement and success:
  - Improve math achievement.
  - Support curriculum and policy alignment to measure successful transition to higher education without remediation.
  - Increase access to wrap-around student services to raise post-secondary attainment for underrepresented, adults, veterans, and first generation students and increase the percent of basic skills students that move beyond basic skills.
  - Increase student transfers as measured by per-student enrollment and increase the number of applied baccalaureate degrees conferred.
  - Close skill gaps within the workforce to ensure workforce training capacity is sufficient for demand and increase awards in high-demand professional-technical programs.

- Increasing access to post-secondary education:
  - Enroll more underrepresented, first generation and adult students, active military, veterans and their dependents and develop means to attract former students needing credits for degrees, certificates, or credentials.
  - Expand educational opportunities, such as eLearning, open educational resources, and competency-based degrees and certificates.
  - Provide incentives to increase the number of people in Basic Education for Adults programs and programs that combine basic skills, English language, academic, and jobs skills training.

- Building on the system’s strength and successes:
  - Ensure balance among mission areas: basic skills, workforce, transfer and applied baccalaureate.
  - Advocate for appropriate operating and capital resources through our collaborative processes, including a system-wide approach to improving faculty and staff salaries and adequate financial aid and minimal tuition increases for students.
  - Increase communication and partnerships within the system, including faculty, students and staff, and with business, labor, K-12, four-year institutions and other stakeholders.
  - Make better use of technology and promote efficiencies, including ctcLink.
Turning vision into action

The State Board for Community and Technical Colleges’ goals for 2014-15 seek to raise educational attainment, open more doors to college education – particularly for Washington’s fast-growing adult population – and build upon our tradition of excellence. To turn those goals into action, the State Board has adopted the following policy focus areas. (See companion publication: *State Board Goals 2014-15*.)

**Promoting student achievement and success:**
- Review and update Mission Study goals to align with statewide attainment goals and the state’s education and job skills needs.
  - Measure of success = development of relevant data supporting our role and contribution to Washington state’s economy.
- Adopt a systemwide approach to partner on how to increase faculty and staff salaries and to assess and identify an optimal faculty mix.
  - Measure of success = accord ongoing to the Legislature in 2015, with a goal of increasing salaries and seeking funding for converting part-time faculty positions to full-time.
- Increase communication and partnerships across the community and technical college system including faculty, students, and staff, business, labor, K-12, four-year institutions and other stakeholders to further the goals and mission.
  - Measure of success = stakeholder participation in board meetings and the development of:
    a) legislative agenda and budget proposals; b) communication plans; and c) decisions on policy initiatives impacting colleges.
- Export our system’s best practices in a national context to understand and advance the national dialogue on community and technical colleges.
  - Measure of success = more recognition of our great programs.

**Increasing access to post-secondary education:**
- Advocate for adequate state funding and minimize tuition increases for students.
  - Measure of success = increased funding resulting in no need for tuition increases.
- Adopt an allocation model that increases student success and ensures access to low-income, basic education, English language, and academic and job skills students.
  - Measure of success = allocation model ready for implementation by the 2016 academic year.

**Building on the system’s strength and successes:**
- Align curriculum to support successful student transitions from high school to higher education without remediation.
  - Measure of success = agreement on using the Smarter Balanced Assessment for college placement.
- Apply best practices learned from developing and implementing the system’s aerospace training programs to healthcare and other industries.
  - Measure of success = Legislative support and funding for development and implementation of programs similar to the aerospace program.
State Board Dashboard
Student Access and Success Indicators
Year-End Review

State Board Community and Technical Colleges
September 15, 2015
GOAL 1: PROMOTING STUDENT SUCCESS AND ACHIEVEMENT METRICS

- Improve math achievement.

- Support curriculum and policy alignment to measure successful transition to higher education without remediation.

- Increase access to wrap-around student services to raise post-secondary attainment for underrepresented, adults, veterans, and first generation students and increase the percent of basic skills students that move beyond basic skills.

- Increase student transfers as measured by per-student enrollment and increase the number of applied baccalaureate degrees conferred.

- Close skill gaps within the workforce to ensure workforce training capacity is sufficient for demand and increase awards in high-demand professional-technical programs.
Goal 1 summary: promoting student success and achievement

College Math Achievement:
• Transitions from pre-college to college math- improving
• Transfer students increasing college math- improving
• Math for STEM- improving
• Prof Tech Math- improving
• New HS Graduates succeeding in math in 1st college quarter- flat

Increase Four-Year Transfer:
• Transfer degrees awarded- holding
• Transfer degrees awarded by race and ethnicity- gaps
• Four-year transfers- holding
• Applied Baccalaureate degrees- increasing

Close Skills Gaps:
• Workforce Awards- returning to pre-recession levels
• Workforce Awards by race and ethnicity- gaps

Transitions Beyond Basic Skills:
• Advancing to college-level- holding

Results Washington Near-Term (2016-17) Goal Targets:
• On-pace or near target for our four success metrics
Goal 1 What We’ve Done:

- **Improve math achievement.**
  - Produced system strategic plan and metrics to address and measure math acceleration and student success
  - Identified colleges starting to have success with key math-related strategies and approaches at scale as a foundation for implementing the system strategic plan
- **Support curriculum and policy alignment to measure successful transition to higher education without remediation.**
  - Developed system policy agreement for using student scores on the 11th grade Smarter Balanced assessment as part of placement process at all colleges
  - Partnered with OSPI to develop and pilot-test Bridge to College courses in math and English designed to get more students college-ready while in high school; courses will be offered by 82 high schools in 2015-16 reaching an estimated 7500 students, with plans to expand to approximately additional high schools in 2016-17
  - Have started to receive student high school information and records. This will allow us to know how a student performed in high school and link this information to how they are doing in college. Database will be shared with the colleges so they can do their own analyses.
Goal 1 What We’ve Done:

- Increase access to wrap-around student services to raise post-secondary attainment for underrepresented, adults, veterans, and first generation students and increase the percent of basic skills students that move beyond basic skills
  - Creation of a student-focused biennial operating budget request that included advising/career counseling as a priority. Advocacy efforts included sharing college-specific examples of successful intrusive advising models.
  - Four colleges in Achieve the Dream Working Families Success Network grant examining policy and practice to support low-income, under-represented students
  - Assumed financial support and provided technical assistance to currently operating MESA programs at 6 CTCs. MESA funding was continued for those 6 colleges this biennium.
  - Held four regional DREAMER events to provide training and technical assistance to CTC front-line staff on serving presumed undocumented students
  - Currently in conversations with potential funders for expansion of services to close the achievement gap for students of color and implementation of “guided pathways” initiatives on a pilot basis at some CTCs
  - System-wide and cross-sector collaboration and convening to increase student retention and completion, prevent and respond more effectively to sexual assault, and serve veterans
  - Current work with CTCs on identifying ways to more effectively support LGBQ students
Goal 1 What We’ve Done:

- **Increase student transfers as measured by per-student enrollment and increase the number of applied baccalaureate degrees conferred.**
  - Community College Research Center has cited in publication Washington State as a state with excellent articulation policy- both the policy and its implementation.
  - We continue to support and strengthen our existing DTA and AS-T degrees for transfer and are developing a number of Major Related Programs including implementing our newest degree- the Associate in Nursing DTA/MRP, re-vamping the existing AS-T in Computer Engineering, developing a new DTA/MRP in Fine Arts- Music that could potentially be used for other Fine Arts areas such as Art, etc.
  - Strengthened and streamlined BAS approval process and proposal scoring rubrics process with input from the State Board, Instruction Commission BAS Subcommittee, and the BAS Directors group.

- **Close skill gaps within the workforce to ensure workforce training capacity is sufficient for demand and increase awards in high-demand professional-technical programs.**
  - Aerospace Special Projects in 2014-2015 funded 8 individual college projects and 1 consortium project totaling $1,515,400
  - Aerospace High Demand 1000 FTES funded 35 programs at 21 colleges totaling $8,000,000
Student Success: Moving students from pre-college to college math success (SAI)

% of pre-college math students that complete college

- 19% in 2011-12
- 20% in 2012-13
- 22% in 2013-14

Reforms and re-invention in pre-college math is getting students to college math more quickly.
## Student Success- College Math (Math Work Plan Metrics)

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual % of Academic Transfer Students who Started the Year with No College Math and Earned at Least 5 credits in College Math</td>
<td>22%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Annual % of Academic Transfer Students who Started the Year with No College Math and Earned at Least 5 credits in College STEM Math</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Annual % of Prior Year High School Graduates who Complete 5 Credits in College Math in Their First Quarter of College</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Annual % of Professional Technical Students who Started the Year with No College Math and Earned at Least 5 credits in College Math</td>
<td>17%</td>
<td>17%</td>
<td>18%</td>
</tr>
</tbody>
</table>
Student Success: Increase Four-Year Transfer

Academic Transfer Awards

- Associate in Science - Transfer
- Direct and Local Transfer Agreement Degrees

Year | Associate in Science - Transfer | Direct and Local Transfer Agreement Degrees
--- | --- | ---
2009-10 | 730 | 13,243
2010-11 | 821 | 15,362
2011-12 | 1,018 | 15,729
2012-13 | 1,138 | 16,354
2013-14 | 1,184 | 16,255
### Student Success: Four-Year Transfer

20,105 students transferred last year.

#### Transfer Year

<table>
<thead>
<tr>
<th>Transfer Year</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer into CTC Applied Bachelors</td>
<td>100</td>
<td>311</td>
<td>329</td>
<td>412</td>
<td></td>
</tr>
<tr>
<td>Transfer to Independent Institutions</td>
<td>5,875</td>
<td>3,824</td>
<td>3,313</td>
<td>4,331</td>
<td></td>
</tr>
<tr>
<td>Running Start to Public Baccalaureates</td>
<td>2,408</td>
<td></td>
<td>2,522</td>
<td>2,588</td>
<td></td>
</tr>
<tr>
<td>Transfer to Public Baccalaureates</td>
<td>10,563</td>
<td>15,223</td>
<td>14,014</td>
<td>12,774</td>
<td></td>
</tr>
</tbody>
</table>

2010-11 not available. 2011-12 RS included in publics.
Student Success: Transfer

Academic Transfer Degrees Completed per 100 Students Enrolled

- Asian/Pacific Islander: 11% (2011-12), 12% (2012-13), 11% (2013-14)
- Black: 7% (2011-12), 7% (2012-13), 7% (2013-14)
- Hispanic: 9% (2011-12), 10% (2012-13), 10% (2013-14)
- Native American: 9% (2011-12), 9% (2012-13), 9% (2013-14)
- Other, Multiracial: 11% (2011-12), 11% (2012-13), 9% (2013-14)
- White: 12% (2011-12), 12% (2012-13), 12% (2013-14)
- Unknown: 10% (2011-12), 11% (2012-13), 10% (2013-14)
Student Success: Workforce Preparation

Workforce Apprenticeships, Two-Year Degrees and Certificates

- Applied Baccalaureate Degrees
- Apprenticeships
- Applied Associate Degrees
- Long Term (1 or more years) Certificates
- Short Term (less than 1 year)
Student Success: Workforce Preparation

Workforce Awards per 100 Students Enrolled

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian/Pacific Islander</td>
<td>23%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Black</td>
<td>16%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>17%</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>Native American</td>
<td>17%</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Other, Multiracial</td>
<td>19%</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>White</td>
<td>22%</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>Unknown</td>
<td>18%</td>
<td>17%</td>
<td>17%</td>
</tr>
</tbody>
</table>
• I-BEST is an important means to transition students beyond Basic Education. FTES increased 16% last year.
GOAL 2: INCREASING ACCESS TO POST-SECONDARY EDUCATION

- Enroll more underrepresented, first generation and adult students, active military, veterans and their dependents and develop means to attract former students needing credits for degrees, certificates, or credentials.

- Expand educational opportunities, such as eLearning, open educational resources, and competency-based degrees and certificates.

- Provide incentives to increase the number of people in Basic Education for Adults programs and programs that combine basic skills, English language, academic, and jobs skills training.
Goal 2 summary: increase access to post-secondary education

Increase Access and Expand Opportunity (Fall-to-Fall Comparisons, end-of-year available in August):

- Enrollments peaked in 2010 and have subsequently fallen every year due in large part to the improving economy and more students forgoing or leaving school for work.
- Programmatically, the decline was greatest in worker retraining. Worker retraining FTES decreased by -22%, the sharpest one-year decline in the post-recession period. Looking at students, the enrollment decline is most evident for older students - 40-59 years.
- Young state-supported students (under 20 years) declined slightly. Continuing recent trends more students are participating in Running Start (+11%). The number of former Running Start students who return as state-supported to further and complete their education is increasing.

Results Washington Near-Term (2016-17) Goal Targets:
- Ahead or on-paced to increase enrollments in online and hybrid courses; academic Stem courses; and high demand prof tech programs.
Goal 2 What We’ve Done:

- Enroll more underrepresented, first generation and adult students, active military, veterans and their dependents and develop means to attract former students needing credits for degrees, certificates, or credentials.
  - System-wide and cross-sector convening and collaboration to improve enrollment management, award credit for prior learning, expand baccalaureate degree opportunities at CTCs
  - Successful passage of E2SHB 1546 that improves dual credit offerings to increase underrepresented student participation.
  - A pilot MOU program with Washington State University titled Washington Reverse Articulation Pilot Program (WRAPP). Once completed, we anticipate “working out the kinks” and implementing statewide
  - Designating HB 1704 (corrections education) as a system agency-request bill resulted in strong internal and external partnerships in advocacy efforts as well as a deeper level of understanding from elected officials the importance of prison education programs to the greater workforce system
Goal 2 What We’ve Done:

- Expand educational opportunities, such as eLearning, open educational resources, and competency-based degrees and certificates.
  - SBCTC staff are winners of 2015 Open Research Award for Open Education Excellence for research report- “A Qualitative Investigation of Faculty Open Educational Resource Usage in the Washington Community and Technical College System: Models for Support and Implementation”
  - Partnered with Lumen Learning, system colleges and the Gates Foundation to design and offer OER-based mastery-based courses in business and economics targeted at economically disadvantaged learners.
  - Launched OpenWA.org website and trained 800 faculty in the use of Open Educational Resources;
  - Provided support and funding for the statewide common Library platform implementation project.
  - Worked with eight pilot colleges to develop 18 openly licensed, competency-based courses that constitute a business transfer degree
  - Competency-based degree started July 1; consortium of 8 colleges plus SBCTC
  - Built faculty and staff professional development to deliver CBE courses and programs in flexible six-month terms
  - Developed college policies and processes to offer a self-paced, competency-based degree attractive to working adults
Goal 2 What We’ve Done:

- Provide incentives to increase the number of people in Basic Education for Adults programs and programs that combine basic skills, English language, academic, and jobs skills training.
  - Requested dedicated funding to provide training and education for Basic Education and Adults and an additional 1,250 FTE for I-BEST through agency request bills HB 1705 and SB 5619. Bills were not passed.
  - Under the new Student Achievement Initiative, basic education for adults students who reach academic milestones are awarded one point more than other students who reach the same levels.
  - WACTC’s new allocation model recommendations include incentives to increase student achievement in all mission areas by increasing funding for the Student Achievement Initiative from less than 1% of the system budget to 5%; and by providing enhanced funding for basic skills, applied baccalaureate and other enrollments that address skills gaps.
  - I-BEST team-taught programming continues to generate 1.75 FTE.
Access: Enroll more under-represented students- Fall Enrollments

<table>
<thead>
<tr>
<th>State-Support Headcount Enrollments</th>
<th>Fall 2013</th>
<th>Fall 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Enrolled (Unduplicated)</td>
<td>176,000</td>
<td>171,000</td>
</tr>
<tr>
<td>% Female</td>
<td>57%</td>
<td>57%</td>
</tr>
<tr>
<td>% Students of Color</td>
<td>41%</td>
<td>42%</td>
</tr>
<tr>
<td>Under-Represented Student of Color</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>% Full-Time</td>
<td>51%</td>
<td>51%</td>
</tr>
<tr>
<td>% Working</td>
<td>42%</td>
<td>43%</td>
</tr>
<tr>
<td>% First-time (New) State Student</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td>% Planning Two-Year Degree</td>
<td>50%</td>
<td>51%</td>
</tr>
<tr>
<td>% With Children</td>
<td>29%</td>
<td>28%</td>
</tr>
<tr>
<td>Median Age</td>
<td>25.8 years</td>
<td>25.6 years</td>
</tr>
</tbody>
</table>
## Veterans and Veteran Dependents Receiving Benefits

<table>
<thead>
<tr>
<th>Fall Quarter 2014</th>
<th>veterans</th>
<th>veteran dependents receiving benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of students</td>
<td>9,397</td>
<td>2,372</td>
</tr>
<tr>
<td>% Female</td>
<td>22%</td>
<td>73%</td>
</tr>
<tr>
<td>% Students of Color</td>
<td>33%</td>
<td>43%</td>
</tr>
<tr>
<td>% Full-Time</td>
<td>64%</td>
<td>67%</td>
</tr>
<tr>
<td>% Award Seeking</td>
<td>93%</td>
<td>94%</td>
</tr>
<tr>
<td>% Transfer</td>
<td>45%</td>
<td>51%</td>
</tr>
<tr>
<td>% Workforce</td>
<td>51%</td>
<td>46%</td>
</tr>
<tr>
<td>median age</td>
<td>30.3</td>
<td>22.8</td>
</tr>
</tbody>
</table>
Access: Expand Educational Opportunity – eLearning (Fall Quarter)

eLearning FTES
Fall Quarter - All Funding Sources

<table>
<thead>
<tr>
<th>Year</th>
<th>Online</th>
<th>Hybrid</th>
<th>All Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2010</td>
<td>19,351</td>
<td>10,203</td>
<td>1,856</td>
</tr>
<tr>
<td>Fall 2011</td>
<td>20,025</td>
<td>10,901</td>
<td>758</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>20,150</td>
<td>12,376</td>
<td>600</td>
</tr>
<tr>
<td>Fall 2013</td>
<td>20,796</td>
<td>13,946</td>
<td>680</td>
</tr>
<tr>
<td>Fall 2014</td>
<td>21,352</td>
<td>15,384</td>
<td>617</td>
</tr>
</tbody>
</table>

Legend:
- Green: Online
- Yellow: Hybrid
- Light green: All Other
Access: Expand Opportunity-Worker Retraining (Fall Quarter)

Worker Retraining State-Supported CTC and Private Career School Fall FTES

<table>
<thead>
<tr>
<th>Year</th>
<th>CTC Worker Retraining</th>
<th>Private Career Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11,191</td>
<td>548</td>
</tr>
<tr>
<td>2011</td>
<td>9,381</td>
<td>492</td>
</tr>
<tr>
<td>2012</td>
<td>7,904</td>
<td>384</td>
</tr>
<tr>
<td>2013</td>
<td>6,970</td>
<td>248</td>
</tr>
<tr>
<td>2014</td>
<td>5,449</td>
<td>216</td>
</tr>
</tbody>
</table>
Access: Expand Educational Opportunity- I-BEST (Fall Quarter)

I-BEST FTES
Fall Quarter- All Funding Sources

- 2010: 1,512
- 2011: 1,483
- 2012: 1,349
- 2013: 2,042
- 2014: 2,163
Access: Expand Educational Opportunity- Apprenticeships (Fall Quarter)

Apprenticeship FTES
Fall Quarter State-Supported

- 2010: 2,331
- 2011: 1,852
- 2012: 1,789
- 2013: 1,840
- 2014: 2,369
Access: Expand Educational Opportunity - Opportunity Grant Students (Fall Quarter)

Opportunity Grant FTES
Fall Quarter - All Funding Sources

<table>
<thead>
<tr>
<th>Year</th>
<th>FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3,046</td>
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<tr>
<td>2011</td>
<td>2,980</td>
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<tr>
<td>2012</td>
<td>2,796</td>
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<tr>
<td>2013</td>
<td>2,662</td>
</tr>
<tr>
<td>2014</td>
<td>2,528</td>
</tr>
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</table>
GOAL 3: BUILDING ON THE SYSTEM’S STRENGTH AND SUCCESSES

- Ensure balance among mission areas: basic skills, workforce, transfer and applied baccalaureate.

- Advocate for appropriate operating and capital resources through our collaborative processes, including a system-wide approach to improving faculty and staff salaries and adequate financial aid and minimal tuition increases for students.

- Increase communication and partnerships within the system, including faculty, students and staff, and with business, labor, K-12, four-year institutions and other stakeholders.

- Make better use of technology and promote efficiencies, including ctcLink.
Goal 3 What We’ve Done:

- Ensure balance among mission areas: basic skills, workforce, transfer and applied baccalaureate.
  - Contained in other bullets

- Advocate for appropriate operating and capital resources through our collaborative processes, including a system-wide approach to improving faculty and staff salaries and adequate financial aid and minimal tuition increases for students.

  **Capital Budget**
  
  o State Board staff worked with college facility, student service, instruction, business administration, and president groups to develop the State Board’s prioritized request for capital funding.
  
  o College presidents wrote a joint letter to the legislature in support of the State Board capital budget request.
  
  o State Board staff testified and coordinated the testimony of college staff regarding the State Board’s capital budget request relative to the governor and legislative proposals at various public hearings and through numerous meetings with individual legislators.
  
  o Of our $367 million capital requests, the final capital budget provides $274 million and leaves 8 of our 18 requested major projects unfunded.
  
  o State Board staff worked with colleges to update the unfunded 2015-17 requests for consideration in the 2016 supplemental budget.
Goal 3 What We’ve Done: Continued

- Advocate for appropriate operating and capital resources through our collaborative processes, including a system-wide approach to improving faculty and staff salaries and adequate financial aid and minimal tuition increases for students.

  Operating
  - State Board staff worked with college faculty, students, local trustees and presidents to develop the State Board’s 2015-17 operating budget request.
  - The $164.7 million biennial request represented the Board’s priorities, and included request for faculty and staff salary increases, faculty increments, new funding to prepare students for college and careers, keep students on track towards degrees and certificates, close skills gaps and fill jobs.
  - State Board staff testified at six legislative committee meetings on our operating budget request, along with a CTC president at two of those hearings; at three legislative committee meetings on tuition reduction bills; and advocated for our operating budget request through numerous meetings with individual legislators.
  - The final 2015-17 operating budget includes funding for faculty and staff salary increases, and allows the use of local funds to pay for faculty increments during the 2015-17 biennium. Also provided is a 5% tuition decrease along with state funding to backfill the lost tuition revenue.
Goal 3 What We’ve Done:

- Increase communication and partnerships within the system, including faculty, students and staff, and with business, labor, K-12, four-year institutions and other stakeholders.
  - Partner with labor, business and government through the Military Transition Council, established by the Governors first executive order, within the Career Technical Training (CTT) to increase awareness of vocational education, apprenticeship, and pre-apprenticeship opportunities. The workgroup also helped to plan and deliver the Service Member for Life Event in October, 2014 attended by several thousand service members supported by several employers, senior military leaders, local support organizations, chambers of commerce representatives, economic development groups, CEOs and regional support organizations from throughout the state, as well as federal partners such as the Department of Defense, the Department of Labor, the Veterans Administration and the Small Business Administration.
  - Created new and updated existing one-pagers and talking points for Smarter balance agreement with K-12 and four-years, I-BEST, developmental education and other current initiatives, and our legislative agenda. Used with media coverage and advocates. Our communications, tracked by the electronic service provider have an open rate 168% of the average for communications disseminated by our industry.
Goal 3 What We’ve Done:

Continued...

- In partnership with AWB, four articles were published in Washington Business highlighting workforce training partnerships between business and the colleges; five new videos were produced highlighting business leaders discussing the importance of our colleges to their industries; sponsored a manufacturing industry tour in Vancouver for Clark College faculty and staff and co-hosted a dinner with financial services industry sector reps; completed an “Internship Toolbox” to assist businesses interested in partnering with local colleges.
- This year forty-five businesses partnered with colleges to provide short-term, customized training projects totaling $2,310,050 for new and incumbent workers through the Job Skills Program.
- Thirteen colleges provided informational booths and staff to discuss innovative workforce education programs supporting industry at AWB’s Manufacturing Summit last October.
- The ten Centers of Excellence held an appreciation event for their business and labor advisory board members.
- Provide guidance, planning and data as the colleges implement audited financial statements for the first time, under a new requirement of the Northwest Commission on Colleges and Universities.
Goal 3 What We’ve Done:

- Make better use of technology and promote efficiencies, including ctcLink.
  - Integrated Library Initiative
  - Shared Mobile Application Initiative
  - System Software Licensing Cooperative
  - Shared Reporting and Data Analytics
Operating Budget 101

September 15, 2015
Nick Lutes, Operating Budget Director, SBCTC
Appropriations Act and Legislative Budget Notes provide direction for some budget investments – new and ongoing.

The State Board is the Agency representing the community and technical colleges at the State level and distributor of state funding (RCW 28B.50.090).

Colleges receive share of State funding through Base Plus allocation model that distributes incremental Legislative changes based on ‘best fit’ methodology.

Policy changes with a budget impact often come with a legislative proviso.

Allocation of FTEs and the use of District Enrollment Targets are main indicator of accountability linked to state appropriations.

Uses Base Plus method of development – The value of incremental dollar changes aren’t always driven by logic.
### The relationship between Legislative and Allocation Methods

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Legislative Method</th>
<th>CTC Allocation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>Part of Public School System - Formulas introduced in 1962</td>
<td>Allocations determined through K12 formulas</td>
</tr>
<tr>
<td>1970s</td>
<td>Creation of State Board - Program Budgeting with Formulas</td>
<td>Patterned after Legislative formula</td>
</tr>
<tr>
<td>Early 1980s</td>
<td>Multi-year budget cuts - Formulas out BASE Plus in</td>
<td>College Allocations frozen, pro-rata share of allocation used to distribute reductions</td>
</tr>
<tr>
<td>1985</td>
<td>BASE Plus</td>
<td>New multi-faceted formula based method implemented</td>
</tr>
<tr>
<td>1991-1993</td>
<td>Technical Colleges Moved from Public Schools</td>
<td>Technical Colleges keep their K12 formulas</td>
</tr>
<tr>
<td>1991-1993</td>
<td>Tuition moved from state appropriation control to local control</td>
<td>After formulas run, a tuition offset was applied to the allocation</td>
</tr>
<tr>
<td>2000</td>
<td>No Change</td>
<td>Formula Method retired - allocations are frozen and adjusted with BASE Plus</td>
</tr>
<tr>
<td>2009-11</td>
<td>Double digit budget reductions and tuition increases</td>
<td>Distribution of reductions based on allocation size; perception of system inequities sharpen</td>
</tr>
<tr>
<td>2014</td>
<td>No Change; resume growth</td>
<td>System develops recommendations to end BASE Plus for new formula based model</td>
</tr>
</tbody>
</table>
The Allocation Formula – 1985 through 1999

- Two Formulas
  - Community Colleges - complex formula
  - Tech Colleges simple allocation based – K12 method (’93)

- CC formula allocated all state funds every year – SBCTC reset all funding and re-allocated it annually.

- Five components in CC formula:
  - Instruction
  - Libraries
  - Student Services
  - Administration
  - Plant

- Formulas accounted for:
  - Economies of scale (small school adjustment)
  - Variable costs and Fixed Costs
  - Program cost
Formulas Determined…

- **For Instruction, Libraries, and Student Services**
  - How many faculty/staff funded (state averages)
  - How much faculty/staff cost (college actuals)
- **Instruction**
  - FT and PT mix (based on faculty entitlement compared to actuals)
  - Support costs by type of student (state average)
- **Libraries**
  - Collection replacement allocation
- **Student Services**
  - Minority Student Success allocation
  - Child Care Services allocation
- **Administration**
  - How much staffing (fixed level plus 1 admin for each 8 staff positions generated) – Had economies of scale one less Admin FTE for each 600 enrollments
  - How much staffing costs (college actuals)
- **Plant**
  - Staff generated based on size of work (i.e., grounds crew linked to acreage; janitorial/window washer and security linked to square footage maintained area)
  - Operating costs: fixed per staff member (e.g., janitorial) and per weighted acreage (e.g., grounds-keeping staff)
  - Other formulas used for expenses fixed expenses like utilities and rent.
SYSTEM CHANGES THAT IMPACTED EFFECTIVENESS OF PREVIOUS ALLOCATION FORMULA

• Technical Colleges join system – 1993
  • Maintained a simple K12 formula
  • Allocation now calculates two separate formulas

• Community College Tuition - 1993
  • When CC formula was adopted in 1985, tuition was collected by colleges and sent to state.
    • Tuition was a “General Fund Revenue”
    • System received a single state appropriation
  • In 1991-93 the Legislature changed tuition policy – now held locally by colleges.
  • Formula continued to run as built – used an adjustment factor to allocation formula results equal to colleges’ tuition collections.
ISSUES THAT SPELLED THE END OF THE OLD FORMULA

- Complexity of formula made it very difficult to understand.
- Changes in statewide tuition policy.
- Colleges could, and did, affect their own and other college’s funding by altering local factors such as salary levels paid, faculty full-time/part-time mix, course coding, etc.
- Which led to the formula producing unpredictable allocations for CCs from one year to the next.
- Over time, averaging and time lags were introduced to reduce volatility, but also had effect of slowing formula responsiveness to changing circumstances.

- WACTC adopted principles for new model

- Colleges’ “base” budgets should be independent of other colleges’ actions and circumstances.
- Colleges’ “base” budgets should be predictable from one year to the next.
- State funding only – Tuition not considered.
- CCs and TCs share same method.
- Should be easier to understand.
Development of Current allocation Model - Outcomes

- No District lost or gained resources in the shift to the present allocation method.
  - There was no re-distribution of base budgets among colleges.
- Future adjustments would be made to district base budgets rather than starting from $0 each year.
  - Closely aligns with Legislative method
- District funding is more predictable from one year to the next.
- Local decisions and actions do not impact other colleges’ funding.
  - Student Achievement has been an exception
- Method seems easier to understand…
  - but often isn’t recognized as the method in use.
    - Most assume Districts receive a fixed amount per enrollment target
Current Allocation Methodology

- Starts with prior year funding and makes incremental changes mirroring legislative budget changes.
  - Removes impact of one-time changes
- Allocates new funding on basis consistent with legislative purposes and an agreed upon ‘best fit.’
  - Methods are discussed annually with presidents and approved by SBCTC.
- Allocates funding reductions based on each district’s proportionate share of state funding.
- Enrollment Plan -- General growth enrollments
  - Plan served as the tool for an informed distribution of new funding.
  - Plan used to distribute new enrollments to each college based various factors (e.g., population growth).
  - Enrollment plan has lost visibility during era of reductions resulting from the Great Recession.
When current allocation method was developed, there was agreement that per student funding between Districts should be equalized over time as new funds became available.

Between 2002 and 2009 system diverted $5.3 million from funding provided for growth enrollments to equalize per student funding for “low-funded districts.”

Identifying Low Funded Districts

- Straight calculation of per student funding doesn’t take into account economies of scale.
  - Small School adjustments were called out in pre-1980 legislative appropriations
  - Former Small Schools adjustments to old formula were frozen in the place
- System has used a regression curve to identify low-funded districts.
  - Regression line is the calculated average state dollar per student when accounting for size of district’s enrollment allocation.
  - Displays economies of scale for bigger colleges.

District’s below the Regression Line have been considered ‘low funded’
Accountability – Student Enrollment

• Legislature sets enrollment target for the system in the appropriations act.
  • When new funds for enrollments are provided, Legislature increases the target.
  • CTC target has been about 140,000 since 2009.
• District $ allocations include enrollment targets
  • Starts with a base target for full-time enrollment equivalents (FTEs)
  • Add additional FTEs based on:
    • Participation in existing earmarked/provisoed programs
    • New enrollments as funded and based on enrollment plan.
• Enrollment rules are developed which…
  • …establish parameters for holding colleges accountable to their enrollment target…
  • …and are adopted annually by the State Board.
**Enrollment Rules - Details**

- **All State Enrollments**
  - Two-year average enrollments must be at least 96% of the college two-year average target.
    - If target not met, next year is “recovery year” – must make 96% of one year target (not based on two year average).
    - Missing target during “recovery year,” in subsequent year college loses allocation funding and FTEs: difference between 96% of target and actual prior year enrollment.
  - Two-year average target attainment must be 100% to receive growth enrollments.
    - “Growth enrollments” are available only when explicitly funded by the Legislature or when a district loses funding because they haven’t made 96% of target.

- **Worker Retraining (WRT)**
  - Each year 32% of WRT enrollments are redistributed based on formula
  - A college that falls below 100% of WRT target for two years in a row will lose funding.
ENROLLMENT RULES - DETAILS

- **Earmarked Enrollments**
  - Aerospace Apprenticeships, Aerospace High Demand, Health Employee Education and Training (HEET), University Contracts.
  - Colleges under-enrolled in an earmarked program may be subject to reduction.

- **Other Monitored Enrollments**
  - Adult Basic Education, Apprenticeships, I-BEST, Applied Baccalaureate, Running Start
  - Districts are expected to maintain strong commitment to these types of enrollments.
When the allocation method was developed, all focus was on how to allocate growth funding – not reductions.

– The system weathered five consecutive cycles of budget reductions.
– Reductions spread to colleges based on proportionate share of state funding.
– Differential impacts to colleges
  • State funding as share of total funding varies widely across the colleges.
Funding Source for Expenditures (by share) for fiscal years 2001, 2012, and 2015 - System Average, Highest and Lowest Dependency
2015 Expenditures (as share) by Funding Source, with model impact

Fund source as percent of Total Funding

Percent Change in Allocation using New Model

-15% -10% -5% 0% 5% 10% 100%

State Fees Contracts/Grants Tuition Model impact as percent
Questions?
Operating Budget 101

Brief description
The following description is provided to the State Board as context for discussion concerning the New Allocation Model proposed for implementation in July 2017. The community and technical colleges have had two allocation methodologies since 1985. The first was an elaborately detailed formula, implemented in the mid-1980s in part as a response to the legislature’s abandonment of funding formulas to determine system appropriations. In the 1990s, systemic changes to the way resources were appropriated and the inclusion of the technical colleges in the system made the old formulas more and more obsolete, until they were discarded in 2000 for the current method, which only adjusts a district base allocation if there is a legislative budget action requiring the change. In place for fourteen years, this model, referred to a Base Plus, is now considered out of date with the system’s current environment. This packet is also supported by a power point presentation (Attachment A – SBCTC Operating Budget 101).

Background information and analysis
A key responsibility of the State Board is the allocation of state funding to the community and technical college districts. The allocation system used prior to our current model, used from the mid-1980s through 1999, was a complicated set of formulas that took into account varying costs by types of programs, college size, and other factors (e.g., salary expenditures) that drove district budget needs. The underlying principle of the method was to provide each college the funding necessary to support the particular program mix offered by the college.

Because the legislature does not fund our system based on formulas and base funding for the system is not allowed to increase to reflect local inflationary increases, colleges were forced to compete with one another for bigger slices of the allocation. As an example, districts could increase the salaries for staff and faculty beyond legislative levels and then wait as the increased levels of expenditures, which when accounted by the allocation method, drove additional funding to their allocation. The actions and decisions of one college impacted the funding received by other colleges in future years. This drove variances in district allocations that could not be explained by statewide policies. Finally, two legislative policy actions, both occurring in 1993, exacerbated the inadequacies of the model and its eventual replacement.

The first policy change was the introduction of technical colleges into the community college system in 1993. Up until this point, technical colleges were allocated state resources as a part of the K-12 system. After the shift to the community college system, technical college districts were allowed to receive allocation amounts as they would have under their old K-12 formulas. The system allocation method now had to balance two different models for allocating state appropriations. The second policy action occurred at the same time and impacted how tuition revenue was accounted for by the state. Up until 1993, all tuition was directed to the state where it was appropriated by the legislature as if it were ‘general fund revenue.’ After 1993, all tuition was kept locally by the collecting institution of higher education. This change reduced the size of the state appropriation available for allocation and required post-formula adjustments to lower district allocations in relation to tuition collections.
The current allocation system, recommended by the Washington Association of Community and Technical Colleges (WACTC) and adopted by the State Board in 2000, addressed some of the shortcomings of the prior formula-driven system. The current allocation system emphasizes stability, understandability, and the independence of college budgets from the actions of other colleges. The base allocation per district from the previous system was frozen at their 1999 levels. The new method, rather than funding colleges each year based on prior experience, maintains base funding for a district from year to year. Any increases and decreases in a district’s state allocation mirror changes made to system appropriations by the legislature. The main focus of the current allocation system and its primary accountability measure is enrollment. To maintain base funding, a district must keep actual enrollment levels at 96% of their total target (using a two year average for actuals and target). If there is a failure to meet the 96% threshold, districts are given one additional year to make 96% of their target. If they fail to make 96% in this third consecutive year, their allocation in the fourth year is reduced and the related enrollments are distributed to districts at or over 100% of their enrollment target. Other than this accountability lever, the allocation method is not responsive to chronic over-enrollment experienced by some of our districts.

Performance funding was added to the allocation system with the adoption of the Student Achievement Initiative (SAI) in 2008. Rather than focusing on inputs (enrollments), the SAI provides funding to colleges based on outcomes: student progression through academic milestones (e.g., 15th, 30th and 45th credit received), retention from one year to the next, as well as degree and certificate completions. In the current year (FY 2016), of the $683 million the State Board allocated to the colleges, $5.25 million (or 0.76%) will be allocated based on performance using the SAI. This investment level was set by the legislature in the 2013-15 Biennium. Each year a district’s SAI award is adjusted to reflect their share of SAI Points generated during the previous academic year. The total funding available each year for SAI does not grow or shrink depending on the total number of points earned by all of the colleges. If a district performs better than the system average then their award increases. The reverse is true for districts that perform worse than the system average.

In the fall of 2013, the presidents began a process to update the current allocation method. (See Tab 6 – Allocation Model Approval)

**Potential questions**

**What problems in the current method were identified by the President’s as needing correcting?**

**Recommendation/preferred result**

State Board will receive the presentation, ask questions concerning the system’s current budgetary methods, and make requests for additional information (if necessary).

Policy Manual change Yes ☐ No ☒

Prepared by: Nick Lutes, director operating budget 360-704-1023, nlutes@sbctc.edu
2016 Supplemental Operating Budget - recommendations and approval

Brief description
In even numbered years, the Legislature adopts a supplemental operating budget to address significant emergent issues, corrections, or adjustments to the biennial operating budget. While the outcomes of the 2015-17 biennial budget process are still being digested by the system, the 2016 supplemental budget marks an opportunity for the Board to continue unresolved policy conversations. Washington’s economic environment and state revenue projections continue to trend in positive directions; however, this stability is partially clouded by uncertainty surrounding the funding plan for K-12 stemming from the McCleary decision. As a result, the Office of Financial Management’s (OFM) budget instructions ask agencies to limit policy requests to those supporting the governor’s priorities. Providing the state of Washington a “World Class Education” is one of five focus areas in the Governor’s Results Washington system.

How does this link to the system direction, mission study and policy focus
The State Board is responsible for developing and submitting a budget to the governor and state Legislature on behalf of the community and technical college system. The supplemental budget request is an important vehicle for the continued expression of system policy priorities. The ability of the system to meet the principles and goals identified in the System Direction and Mission Study are directly impacted by the outcomes of the budget process.

Background information and analysis
The enacted 2015-17 biennial budget resulted in increased appropriations for the community and technical college system. When compared to FY 2013, annual appropriations increased by 9.8 percent from $631.1 million to $692.7 million (See Attachment A – 2015-17 Operating Budget Appropriations). While the increasing appropriations are a positive outcome, the newly enacted level remains 7.6 percent lower than our peak funding level of $750 million (FY 2009).

Washington’s economic forecast continues to indicate slow, steady growth in the coming years. Most economic indicators show positive trends as the current biennium progresses. State unemployment levels continue to slowly decline with levels projected to be 5.7 percent by 2017. Overall, the improved economy is driving greater revenue projections for the 2015-17 biennium. The August Economic and Revenue Update¹ for 2015-17 was adjusted upward by $125 million, when compared to the revenue assumptions included in the biennial budget passed by the legislature in late June.

Last summer, after extensive internal discussions, the Board agreed upon a policy theme of SUPPORT that served as the underpinning of our initial 2015-17 biennial request. The legislature provided additional support through appropriations for faculty and staff salary increases. However, the community and technical college system continues to require additional investments to overcome obstacles identified in the last budget development cycle. To reach the education attainment goals set by the legislature, we cannot rely solely on recent high school graduates. The growth in the number of

young people is not sufficient to reach statewide goals. Our state must educate more adults and increase student retention and completion rates, to achieve the goals that 70 percent of Washingtonians have a postsecondary credential and 100 percent have a high school diploma or equivalent.

Agreeing with the continued need to support our campuses and students, presidents in July discussed potential supplemental budget requests.

Of primary importance was the need to make college districts “whole” by backfilling for tuition revenues that are expected, under the current budget, to help pay for Cost of Living Allowance (COLA) increases and increased Health Benefit and Pension Contributions. Combined, these items are projected to increase tuition expenditures at districts by $5.96 million. Absorbing these impacts is a budget reduction and erodes the system’s ability to educate students.

Further, tuition reductions were not properly calculated for our systems applied baccalaureate programs. These programs are growing steadily as the system tries to address local demand for four-year degrees. Because these programs lack specific state investments, they operate off of the tuition revenue they generate. Programs in the planning and early stages (with low initial enrollment levels), were not backfilled properly when tuition was reduced. It is based on past enrollments rather than on anticipated growth in the programs. The funding gap will widen as enrollments grow this biennium in these high-demand workforce degrees.

The supplemental budget request is recommended to include a projection of lost tuition revenue for applied baccalaureate programs, which at the time of writing is still unknown.

The presidents have also recommended that the State Board continue to request an increase to the Mathematics, Engineering, and Science Achievement (MESA) community college program from six participating colleges to all include 34 colleges. Further, the amount per MESA site is recommended to be appropriated at $125,000. The total MESA package, plus administrative costs, is currently estimated at $4.3 million.

Finally, staff recommends the resubmission of a policy request related to student support in the 2016 supplemental budget. To support the retention of first-year students, the budget request proposes increasing staffing efforts in academic, completion, and career advising. Currently, only 64 percent of first year students move into their second year of college work. The request would provide four additional counselors to each district (on average) to implement strategies that engage first-year students and assist in an examination of their education and career goals. It is estimated that implementing strategies to increase interaction between students and the college can increase retention by five percent. The total package for academic, completion and career advising is estimated at $9.0 million annually.

Potential questions
Do the recommended policy investments for the 2016 supplemental budget align with the Board’s priorities for the community and technical college system?

Recommendation/preferred result
The Board is asked to adopt Resolution 15-09-45 approving the submittal of the SBCTC 2016 supplemental operating budget request to OFM.

Policy Manual change Yes ☐ No ☒
Prepared by: Nick Lutes, director operating budget 360-704-1023, nlutes@sbctc.edu
State of Washington  
State Board for Community and Technical Colleges  
Resolution 15-09-45  

A resolution relating to the agency request for the 2016 Supplemental Operating Budget:

WHEREAS, the enacted 2015-17 Biennial budget reflects the system’s emphasis on supporting the community and technical college system and the supplemental budget process allows for a continuation of identifying investment policies that further support our students, and;

WHEREAS, the most recent economic and revenue forecasts for the State of Washington continue to project a positive budget building environment, and;

WHEREAS, the 2016 Supplemental budget instructions from the Office of Financial Management provide an opportunity for agencies to submit, for consideration, policy investment requests that support Governor Inslee’s Results Washington initiative, which has World Class Education as a leading priority,

THEREFORE BE IT RESOLVED that the State Board for Community and Technical Colleges authorizes the Director to submit to the Governor a 2016 Operating Budget request for an estimated $19.26 million for the following policy level items:

1. Make the CTC System Whole – ~$5.96 million – replace tuition capacity used to pay for 2015-17 compensation changes and properly backfill the tuition losses in Applied Baccalaureate program.
2. Expand MESA Community College Program – $4.3 million -- Expand program statewide, adding 28 new sites, and funding all sites at $125,000 per year.
3. Expand academic, completion and career advising efforts -- $9.0 million – provide additional staffing to expand student support efforts with goal of increasing student retention rates.

BE IF FURTHER RESOLVED that the Director shall make any necessary adjustments to the request, as necessary to meet changing conditions, or make technical adjustments, consistent with the Board’s direction.

APPROVED AND ADOPTED on September 16, 2015.

ATTEST:

_______________________________  
Marty Brown, secretary

_______________________________  
Shaunta Hyde, chair
# SBCTC Operating Budget Appropriations

## $s in Thousands

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<thead>
<tr>
<th>2013-15 Biennium Appropriations</th>
<th>FY 2015 Appropriations</th>
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## SBCTC 2013-15 Biennium Appropriations

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<th>2015-17 Budget Changes</th>
<th>Change Compared to FY 2013</th>
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<tr>
<td></td>
<td>FY 2016</td>
<td>FY 2017</td>
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<tr>
<td>Compensation (COLAs and Collective Bargaining)</td>
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<td>Compensation impact on tuition - Backfill</td>
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<td>Tuition Reduction - Backfill</td>
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<td>Composites program at WATR Center</td>
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<td>Allied Health Program</td>
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<td>BS in Computer Science (Bellevue College)</td>
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<td>Feasibility Study - Community College at Graham, WA</td>
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<td>All Other</td>
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<tr>
<td>Total State Funding</td>
<td>$692,724</td>
<td>$721,575</td>
</tr>
<tr>
<td>% change from FY 2015</td>
<td>9.8%</td>
<td>14.3%</td>
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Mission challenges

Brief description

Handouts will be distributed at the meeting.
SHAUNTA HYDE, chair pro tempore  
Jim Bricker ● Elizabeth Chen ● Anne Fennessy ● Wayne Martin  
Larry Brown ● Jay Reich ● Carol Landa-McVicker ● Phyllis Gutierrez-Kenney  
Marty Brown, executive director ● Beth Gordon, executive assistant  

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

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State Board members present
Shaunta Hyde, Jim Bricker, Elizabeth Chen, Anne Fennessy, Larry Brown, Wayne Martin, Jay Reich, Carol Landa-McVicker and Phyllis Gutierrez-Kenney

Call to order and welcome
Chair pro tempore Shaunta Hyde called the meeting to order at 8 a.m., welcomed those present and asked for audience introductions.

Adoption of regular meeting agenda
Motion: Moved by Elizabeth Chen and seconded by Phyllis Gutierrez-Kenney that the State Board adopt its June 23, 2015, regular meeting agenda as presented.

Adoption of consent agenda (Resolutions 15-06-24 through 15-06-25)
Motion: Moved by Elizabeth Chen and seconded by Phyllis Gutierrez-Kenney that the State Board adopt the consent agenda for its June 23, 2015, regular meeting as presented:
   a. SBCTC meeting minutes, May 7, 2015
   b. Canvas Learning Management System contract
      Resolution 15-06-24
   c. 2016 Corrections Education contract
      Resolution 15-06-25
   d. Bellevue College, local expenditure, athletic field improvements
      Resolution 15-06-26
   e. Bellevue College, property acquisition, 2653 146th Ave SE
      Resolution 15-06-27
   f. Walla Walla Community College, increase local expenditure, Clarkston workforce and business development
      Resolution 15-06-28

Host college presentation
Walla Walla Community College President, Steve VanAusdle, gave a campus tour highlighting the following programs:
   • Electrical
   • Wind Turbine
   • John Deere
   • Water Center

Trustees’ Association report
   • Legislative action committee retreat
   • New ACT board member elections

Presidents’ Association report
   • May meeting re-cap
   • Proposed allocation system update
   • Association Washington Business collaborations
2015-17 capital budget allocations and 2016 supplemental request (Resolution 15-06-29)

The State Board adopted its capital budget request for the 2015-17 biennium in resolutions 14-05-23, 14-06-32, 14-06-36, 14-06-48, 14-09-57 and 14-09-51. The request included $367 million in new appropriations and $94.5 million in locally supported alternatively financed projects. Based on House and Senate budget proposals, it is anticipated that the Legislature’s proposed biennial budget will provide between $269.5 million and $272 million in new appropriations and authority for all the alternatively financed projects. In addition to funding construction-phase requests between 7 percent and 13 percent below the requested level, the House and Senate proposals do not fund the construction of two projects already designed or the design-phase of seven new projects.

Allocations

Both of the current legislative proposals would fund all of the minor work and the design-phase requests for major projects as requested and they can be allocated exactly as the State Board requested. Due to the proposed reductions in construction-phase funding, the allocations for these projects will reflect the actual funding levels. The colleges with major projects funded below the request level will review the designs and update the cost estimates. This information will be used to determine the best approach for moving forward with each of the underfunded projects. Any revision to the scope or budget of an individual project will be provided to the Office of Financial Management (OFM) for approval prior to allotment from OFM or allocation of the funds to the college managing the project.

Reappropriations

Expenditure authorities expire at the end of each biennium. If the Legislature wants a project to continue, it must reappropriate the unspent funding in the subsequent biennium. The State Board request for 2015-17 submitted in September 2014 included reappropriation for all unfinished projects based on expenditures through August 2014. The exact amount of funding spent in the 2013-15 biennium will not be known until the accounting is complete for the biennium. The OFM requires agency adjustments necessary to finalize year-end totals to fiscal year 2015 by Sept. 4, 2015.

It is the Legislature’s intent that major projects take more than a biennium and minor projects are to be completed within the biennium the funding is first provided.

In the most recent biennium, the community and technical colleges have only spent 60 percent of the minor work funding in the first biennium it was funded and then reappropriated 40 percent into the subsequent biennium. As of April 2015, the community and technical colleges were on track to spend about 76 percent of their new 2013-15 minor work funding. This creates a need for a reappropriation authority for about 24 percent of the 2013-15 minor work in 2015-17.

The current legislative proposals include sufficient reappropriation for all the unfinished major projects, but only about 10 percent of the new 2013-15 minor work funding into 2015-17 for minor projects.

Since the 2015-17 budget is prepared before final expenditures are known, the Legislature will authorize the maximum reappropriation amounts in the budget and the final amounts will be determined by OFM. Unlike major projects where appropriations are specific to the project, minor project appropriations are for lists of projects so there is some agency discretion in how the authorities are managed.

To allocate reappropriation authorities to the colleges as quickly as possible after enactment of the capital budget, staff recommends the State Board authorize its executive director to allocate reappropriations as provided by the Legislature, and where there is an opportunity to use judgement, the allocations be made in the system’s best interest.
SBCTC 2016 supplemental capital request

The Department of Enterprise Services reports it has 489 open agreements and 165 open contracts for public work on the community and technical college campuses. These agreements and contracts allow the state to suspend or terminate the work for convenience, as would be the case if there is a lapse in a college's spending authority from the Legislature. The vendor is entitled to an equitable adjustment for increases in the time or cost of performance directly attributed to a suspension or termination for convenience. The state is required to give these vendors notice of 10 days of potential suspension or termination of the agreements and contracts. Therefore, even if a budget is enacted prior to July 1, 2015, some vendors may be due compensation. Colleges may need additional funding in the 2016 supplemental capital budget to compensate the vendors for the impacts to the work.

The House’s proposal dated March 27, 2015 would provide funding for one less project than the Senate’s proposal dated April 8, 2015. Staff recommends the State Board’s supplemental request for new appropriations advance the remaining projects from the State Board’s 2015-17 capital budget request in the 2016 supplemental request. Based on the House’s proposal, that would result in a request for about $84 million, plus escalation, for one year. Based on the Senate’s proposal, that would result in a request for about $80.5 million, plus escalation, for one year. The exact amount will be determined in collaboration with the colleges to account for local conditions prior to submittal of the request to the OFM around the beginning of October 2015.

Advancing these projects in the supplemental request will cost less than waiting until 2017-19 to move forward with these projects. The OFM adopted escalation rate is 3.08 percent per year for the 2015-17 biennium. At this rate, if the next phases are funded in the 2016 supplemental budget, the unfunded projects will cost $8.4 million more than they were expected to in the 2015-17 request and $17 million more if they are postponed until the 2017-19 biennium. The longer the projects are postponed, the greater the chance of increased costs due to unanticipated code changes and increases in labor rates and sales taxes.

Return savings

The system is expected to return about $10 million in savings and lapsed funding in the 2016 supplemental budget. About $2.5 million of this is savings from projects completed in the 2013-15 biennium. There is likely to be another $2.5 million in unspent emergency funds. Additionally, the system may lapse about $5 million in minor work funding due to insufficient reappropriation authorities in the 2015-17 biennial budget. These amounts will be certain after the 2013-15 expenses are finalized. They will then be included in the State Board’s supplemental budget to partially offset the new appropriation requests.

Local financing

College funds not appropriated by the Legislature or allotted by OFM are commonly referred to as “local” funds. Most local funds come from student tuition and contracts. Colleges also keep student fees from enrollment in excess of their target. With the Legislature’s approval, colleges can use local funds for debt service on capital projects financed through the Treasurer’s office. These types of projects are backed by the revenue generated, or the value of the asset itself, and not the full-faith of the State of Washington. As such, they are not subject to the state’s constitutional debt service limit like general obligation bonds.

Local funds are often used for projects that the state has not traditionally funded with general obligation bonds. In recent years the state has not funded athletic or fitness related projects or any enterprise activity like daycare or student housing. The State Board’s major project prioritization for state appropriations favors classroom, lab and library spaces over childcare, faculty offices, administrative, maintenance, warehouse and student center spaces. This encourages the use of local funds for projects with these types of spaces. Colleges have also used local funds for land acquisitions or to take advantage of emergent opportunities instead of waiting for state funding.

Four colleges are requesting permission to finance an additional $74.4 million in the 2016 capital supplemental budget. Bellevue College and Pierce College Fort Steilacoom are requesting to finance student housing projects that will primarily serve international students with debt service paid from rent and tuition. Bellevue College’s proposal is to construct about 350 beds in an apartment-style building north of campus on property acquired for this purpose. Pierce College Fort Steilacoom would acquire a 100 to 125 bed facility recently used for skilled nursing located 1.5 miles, or six minutes by bus, from the campus entrance.
Colleges use different arrangements to meet student housing needs. Based on the most recent survey, five colleges own student housing facilities and four of these are interested in owning more. Seven colleges lease student housing facilities and then sublet them to students. All of the colleges that currently lease housing are either evaluating the need or are already interested in leasing more. Some colleges simply connect students to housing opportunities. More than half of the colleges that do not currently provide student housing are interested or are currently evaluating the need for housing in the future.

Spokane Falls Community College and Wenatchee Valley Community College are requesting to finance athletic or fitness related facilities with debt service paid from student-voted fees, user fees and college reserves. Spokane Falls Community College will renovate 26.2 thousand square feet of their existing gymnasium and fitness center and add on another 14 thousand square feet to better serve its Health, Physical Education, Recreation and Athletic department students. Wenatchee Valley Community College will construct a new 20 thousand square foot recreation and fitness facility on its campus.

Motion: Moved by Elizabeth Chen and seconded by Jim Bricker that the State Board adopt Resolution 15-06-29 approving the 2015-17 capital budget allocations and 2016 supplemental request.

FY 2016 operating budget allocations and enrollment rules (Resolution 15-06-30) and 2015-16 tuition and fee scheduled (Resolution 15-06-31)

Allocations

Budget changes

The maintenance level funding included in each of the legislative proposals, and the basis for the initial fiscal year 2016 allocation shown in attachment C, provides community and technical colleges funding of $1.3 billion for the 2015-17 biennium.

Both the House and Senate proposals provide maintenance level funding (funding prior to policy additions or reductions) for fiscal year 2016 of $650,375,000. The sources of funding are as follows:

- $593,700,000 from General Fund-State
- $47,901,000 from the Education Legacy Trust Account
- $8,774,000 from the Community/Technical College Capital Projects Account

Changes in the community and technical colleges’ funding between fiscal year 2015 and the proposed fiscal year 2016 maintenance level budget are driven by three primary budget adjustments. The first are the routine adjustments to “biennialize” budget actions taken during the 2013-15 biennium, which provides the proper annual funding level in 2015-17. This includes the removal of one-time investments (e.g., funding to develop a paraeducator degree pathway) and adjustments related to service charges from internal state enterprises (e.g., Attorney General charges). The maintenance level of the system also includes $33 million in additional funding to reflect changes in employee compensation related to health insurance premium and pension contributions. Finally, the $2,262,000 LEAN reduction, absorbed by college and State Board allocations in 2014, is now reflected in the State Board’s annual appropriation.

The allocation includes adjustments within the base to reflect allocation adjustments for:

- The scheduled debt service payments for capital facilities funded with building fee revenue
- Additional funding adjustments to pay for the Supplemental Retirement Program
- Redistribution of funding related to the earmarks for Students of Color and Disability Accommodations

Finally, the allocation includes an adjustment to Bates Technical College to reflect the implementation of a four-year plan to reduce the college’s state enrollment target to align with its anticipated state enrollments. The allocation removes $656,328 in funding from the college and places the resources in future allocations. The funding will support 182 FTE
enrollments and will be distributed to overenrolled districts based on their share of over enrollments, as an average, experienced during fiscal years 2014 and 2015; this allocation will take place after 2015 enrollment numbers are finalized.

Each biennium, using provisos, the Legislature sets aside portions of the State Board appropriation. The provisos identify policy decisions and require funds provided in the proviso to be spent only for the identified policy. The State Board often maintains the policy emphasis of provisos after they have expired through the use of earmarks. By earmarking certain funds and requiring colleges to use them for specified purposes only, it also ensures that recent commitments made to the Legislature are honored. Although earmarked funds limit local flexibility in the use of state funding, it is an important expression of State Board priorities.

The values of certain earmarks (italicized below) remain dependent upon final budget negotiations. Further, some programs (bolded below) will either be earmarked or provisoed based on the final outcome of the budget appropriations act.

- Aerospace Apprenticeships
- Alternative Financed Projects – Debt Service
- Basic Skills Enhancement
- Centers of Excellence
- Center of Excellence – Aerospace
- Disability Accommodations
- Employment Resource Center
- Fabrication Wing Incumbent Worker Training
- High Demand Aerospace Enrollments
- Hospital Employee Education and Training
- Labor Education and Research Center
- Maritime Industries
- Opportunity Grants
- Student Achievement Initiative
- Students of Color
- University Contracts
- Worker Retraining (beyond that included in the budget act proviso)
- Workforce Development Projects

Recommended initial fiscal year 2016 allocations

As discussed above, the proposed initial allocations for fiscal year 2016 represent the discreet adjustments made by the Legislature distributed into allocations for the individual college districts and the State Board. Most of these changes are related to pass through changes to a district base (e.g., health insurance contributions and pensions) or adjustments to budgets in anticipation of changes in charges for services from state enterprises (e.g., Attorney General). See

Future allocations

Some portions of the system base budget have well-established allocation methods that require additional information not available at the time of the initial allocation. Because these items are considered within the “base” for purposes of statewide budget building, their values are not dependent upon the final passage of the budget and won’t change unless a specific action is taken by the Legislature. Through the State Board’s delegation of authority to the executive director, the following items will be allocated throughout the fiscal year:
• **Aerospace Apprenticeships** – $2,398,814 will be allocated in consultation with the Aerospace Apprenticeship Committee. College apprenticeship program development and anticipated capacity will be considered in allocation decisions.

• **Basic Skills Enhancement** – $3,469,574 will be allocated based on the most recent four quarter average (summer through spring of Academic Year 2014-15) Basic Skills enrollments, excluding Sheltered Workshops.

• **Bates Rebase Phase One** – $656,328 will be allocated to overenrolled districts using a two year average actuals to target comparison, after FY 2015 enrollments are finalized. Each overenrolled district will receive their share of the enrollment pool generated by the Bates Rebasings.

• **Facilities Maintenance and Operations** – $594,400 will be allocated throughout the year based on actual substantial completion dates of new buildings.

• **Hospital Employee Education and Training (HEET)** – $2,039,306 will be allocated based on a competitive application process.

• **Opportunity Grants** – $57,700 will be allocated mid-year to meet excess demand.

• **Student Achievement Initiative** – $4,686,274 will be allocated in November using the outcome of student points generated during the 2015 academic year.

• **Worker Retraining Variable** – $12,436,183 will be allocated based on 60 percent of colleges’ pro-rata share of the system’s average Worker Retraining enrollments for two years and 40 percent on a pro-rata share of unemployment data.

• **Worker Development Projects** – $1,569,945 will be allocated throughout the year for targeted workforce development initiatives.

**Enrollment rules**

The Legislature assigns enrollment targets for the community and technical college system through the operating budget. The State Board seeks to ensure that legislative targets are met and that scarce resources are deployed where most needed by: a) allocating enrollments and associated funding to the districts; b) adopting rules specifying the conditions under which a district is eligible to receive additional enrollments, and; c) adopting rules specifying the conditions under which a district’s future allocated enrollments and associated funding could be adjusted.

During early 2015, the State Board was briefed on staff recommendations on FY 2016 Enrollment Rules as recommended by the Washington Association of Community and Technical Colleges (WACTC) Board of Presidents.

**New international students coding policy**

Prior to 2007, community and technical colleges counted all international students in state-supported courses as International Contract. Since 2008, State Board policy allowed districts to count these students as state-funded. Some districts count international students as state-funded and some count them as International Contract. International students coded as state-funded count toward district target attainment; those coded as International Contract do not. With the implementation of the new allocation model beginning fall quarter 2016, how international students are counted and coded takes on heightened significance for the distribution of state funding among the colleges. The WACTC has reviewed current international student coding rules and voted at its April 2015 meeting to recommend limiting the number of international students counted as state-funded to the lesser of 2 percent of target enrollment or the number needed to get to target.

Consistent with WACTC’s recommendations, State Board staff members recommend adoption of the policies regarding the coding of international students in state-funded courses.

**Increments and turnover savings**

Historically, the Legislature has included language in the appropriations bill that limits allowable funding sources for faculty increments. The House and Senate proposals both include language allowing colleges to use salary turnover savings to pay
for faculty salary increments. In addition, the House budget proposal includes language that would allow the use of local college funds to pay for faculty increments during the 2015-17 biennium. The final outcome of the appropriations bill will determine whether there are any changes to the capacity of colleges to provide increments. Notwithstanding the final outcome of the proposed House language, the State Board must adopt policies to assist the colleges in the implementation of the proviso related to the use of turnover savings to fund faculty.

**Tuition**

The House budget proposal freezes tuition rates for the 2015-17 biennium. The Senate proposal reduces tuition and backfills lost tuition revenues with state resources to reflect the policy contained in ESSB 5954, the College Affordability Program. Under the legislation, community and technical college tuition levels could not exceed 6 percent of the state average annual wage. Current projections in the Senate proposal have lower division tuition levels decreasing by 1.6 percent in fiscal year 2016. This would reduce annual tuition rates by approximately $59 for full time students (45 credits per year). The impact of the Senate policy is much more pronounced in the system’s upper division tuition schedule. The impact on the annual, upper-division full-time rate is a reduction of $1,503 (from $7,364 to $5,864), or approximately 20 percent.

The final approval of the tuition schedule will be dependent on the outcome of the operating budget deliberations.

**Innovation account funding**

Authorized in 2011 by the Legislature, the State Board can dedicate up to 3 percent of operating fee revenues (a portion of tuition) to the community and technical college Innovation Account. Funds in the account are to be used to implement the State Board’s strategic technology plan. Funding for ctcLink, the replacement for our legacy administrative systems, comes from the Innovation Account.

To provide sufficient revenue for the Innovation Account to cover 2016 expenditure projections, 3 percent of operating fee collections is recommended for dedication to the account.

**Motion:** Moved by Wayne Martin and seconded by Elizabeth Chen that the State Board adopt Resolution 15-06-30 approving the FY 2016 operating budget allocations and enrollment rules.

**Motion:** Moved by Jay Reich and seconded by Larry Brown that the State Board adopt Resolution 15-06-31 approving the 2015-16 tuition and fee schedule.

**Consideration of 2015-16 Basic Education for Adults awards and allocations (Resolution 15-06-32)**

Recommendations for the distribution of federal funds for Basic Education for Adults to 34 colleges and nine community-based organizations are based on the second year extensions of awards resulting from the 2015-19 five-year, competitive application process. Extension applications detail transition mandates for the move from the Workforce Investment Act (WIA) to the Workforce Innovation and Opportunity Act (WIOA). Applications address the innovations and improvements in instructional programming to increase student progress toward federal performance targets, student progression and transition to postsecondary education and employment, and the completion of high school credentials, certificates, and degrees that lead to family sustaining employment. Applicants also met assurances to implement the Washington State Adult Education 5-year Plan – 2014-2019 with Revised WIOA Requirements for Transition State Plan 2015-2016 – Pathways to College and Careers for Washington’s Emerging Workforce.

All providers set higher outcome targets and provided a detailed map of the implementation of the Adult Basic Education State Plan’s six overarching goals key to the success of students, and agreed to the transition mandates to WIOA over
the next year. Providers provided assurance of specific program improvements and innovations to meet WIOA requirements that reflect their own data and validated research.

Motion: Moved by Jim Bricker and seconded by Jay Reich that the State Board adopt Resolution 15-06-32 approving the 2015-16 Basic Education for Adults awards and allocations.

Consideration of 2015-16 federal workforce awards and allocations (Resolution 15-06-33)

The State Board for Community and Technical Colleges awards federal workforce training funds to colleges to support programs operated for entry level training, skills upgrade, or retraining for the state’s workforce. Each program provides for residents across the state to increase their educational attainment. Specific programs also address the System Direction’s strategic objectives as described below:

Carl D. Perkins Federal Grant – $10,997,723

Action authorizes FY2016 Carl D. Perkins awards to 33 community and technical colleges to improve outcomes for students by supporting and strengthening career and technical education programs.

The federal Perkins program provides funding for career and technical education programs with an emphasis on accountability, innovation, secondary to postsecondary pathways, and coordination with business and industry. This funding aligns with all three major priorities of the board as outlined in the System Direction, “strengthening state and local economies by meeting the demands for a well-educated and skilled workforce,” “achieving increased educational attainment for all residents across the state,” and “using technology, collaboration and innovation to meet the demands of the economy and improving student success.”

The Perkins program, last authorized in 2006, was scheduled for congressional reauthorization July 1, 2013, but is operating under a continuing resolution.

The Carl D. Perkins Act sets aside 1 percent of State Leadership funds to serve individuals in state institutions, such as state correctional institutions or institutions that serve individuals with disabilities.

WorkFirst – $14,751,000

Action authorizes 2015-16 WorkFirst awards to 33 community and technical colleges, four community-based organizations, and one private career school to provide education and training to students receiving WorkFirst Temporary Assistance for Needy Families (TANF) assistance. This funding level is estimated to be maintained at the 2014-15 funding level. The previously reduced funding levels have resulted in significantly fewer students served.

Washington State began WorkFirst, the state’s Temporary Assistance for Needy Families (TANF) program, in August 1997 in response to the 1996 federal welfare reform legislation.

A bipartisan legislative task force provides oversight to the WorkFirst program and operation of TANF. Program agency partners consist of the Office of Financial Management, Department of Social and Health Services, Employment Security Department, State Board for Community and Technical Colleges, Department of Commerce and Department of Early Learning.

Funding for the WorkFirst program is provided through state funds and the federal TANF block grant. The Department of Social and Health Services contracts with the State Board for Community and Technical Colleges to provide education and training services to prepare WorkFirst parents for work and job placement. SBCTC subsequently awards block
grants to 33 community and technical colleges plus community-based organizations and private career schools to deliver education and job skills training services.

SBCTC staff is working with colleges, community-based organizations, and private WorkFirst providers to align their 2016 grant deliverables with the core concepts of the WorkFirst program and focus resources on providing evidence based strategies to support student success.

**Basic Food Employment and Training (BFET) – $13,117,342**
Action authorizes 2015-16 funding to be awarded to all 34 community and technical colleges. These colleges assist Basic Food recipients to gain the skills necessary for higher wages, better jobs and further advancement. The intent of the program is to expand access to training opportunities for Basic Food recipients that assist in developing skilled workers to help meet the demands of future economic trends and support the attainment of a livable wage.

The BFET program began as a pilot in October 2005 through the Department of Social and Health Services. All 34 community and technical colleges now offer BFET services to eligible students. BFET resources help support employment and training services for Basic Food eligible, low-income individuals. Fifty percent of any allowable expense incurred by a college will be reimbursed by the Food and Nutrition Service within the U.S. Department of Agriculture.

Each August, Washington state submits a plan to the federal Department of Agriculture, Food and Nutrition Services encompassing all Basic Food Employment and Training services. The colleges participate in an annual grant application process. Budget amounts are developed by anticipated local capacity and the availability of non-federal eligible match resources.

Funds will provide resources to pay tuition, books, fees and support services necessary for participation in a professional technical education and training program.

Food and Nutrition Services have audited our program several times in recent years, each with great results. Washington continues to be highlighted nationally as a model program worth replicating and was also instrumental in helping to advocate for federal resources facilitating the expansion of program services.

**Early Achievers Opportunity Grant – $794,450**
Action authorizes FY2016 Early Achiever Opportunity Grant awards to 20 community and technical colleges providing financial assistance to employed students enrolled in Early Childhood Education programs.

In 2012 the Department of Early Learning was awarded a $60 million Race to the Top – Early Learning Challenge Grant. Part of the funding is being used to support a student financial aid program. The purpose of the funding granted to the State Board is to enhance the state’s professional development system for individuals working with and caring for young children.

The Early Achievers Opportunity Grant Program began as a pilot in July 2012, serving students working in child care and early education programs. It is very similar to the statewide Opportunity Grant program. Seven colleges participated in the pilot. Since 2012, the number of participating colleges grew to 23. This year 20 colleges are eligible for funding.

Each spring the colleges participate in a competitive grant application process. Funding for each college is based on the number of eligible child care, Head Start, Early Childhood Education and Assistance Program and family care providers in each college’s service district. Colleges must also describe program capacity, student intake and monitoring processes, and wrap-around support services.
Funds provide resources to pay tuition, fees, textbooks and student wrap-around services necessary for participation in an Early Childhood Education program. Funding is also provided to support a Point-of-Contact for grant recipients. The Point-of-Contact provides a one-stop approach to support students from intake, admission and academic advising through monitoring progress and providing assistance for struggling students.

The grant program will run from July 1, 2015 to December 31, 2015 when the federal funding ends. Each of the colleges is actively assisting students as they try to find other financial aid programs to help them continue their Early Childhood Education programs after the federal grant program ends.

**Motion:** Moved by Phyllis Gutierrez-Kenney and seconded by Wayne Martin that the State Board adopt Resolution 15-06-33 approving the 2015-16 federal workforce awards and allocations.

### Student voice – Corrections Education programs

Board members heard a presentation from a student currently enrolled at WSU Tri-Cities as well as watch pre-recorded presentations from students at prisons throughout the state.

Eight Washington community colleges serve nearly 10,000 students incarcerated by the Washington State Department of Corrections (DOC). College faculty teach courses in basic education for adults, professional-technical fields and life skills as well as. Associate of Arts courses through a specially funded program. DOC maintains an interagency agreement with SBCTC to engage offenders in effective education and training opportunities and facilitate their successful transition to lifelong community membership.

The eight community colleges are: Centralia College, Peninsula College, Clark College, Community Colleges of Spokane, Edmonds Community College, Tacoma Community College, Grays Harbor College and Walla Walla Community College.

### Legislative report

The State Board was briefed on the status of the 2015 legislative session including priority legislation and progress toward reaching key priorities for the community and technical college system as outlined in the 2015 Session Advocacy Plan.

The board was also briefed on congressional action as it relates to the community and technical college system’s 2015 federal legislative priorities.

Legislative Director, Alison Grazzini, thanked the State Board for the opportunity to work with them and discussed her new venture for the BAR Association in Seattle.

### Executive director report

- ctcLink update
- Summary of approved local capital projects over $1 million
- Parking lot review

### Chair pro tempore report

- **Appointment of 2015-16 SBCTC Chair and Vice Chair**
  In accordance with current State Board bylaws, the election of officers is to be held by June of each year. In the absence of the Chair, his or her duties will be assumed by the Vice Chair who acts as the Chair Pro Tempore. The Vice Chair may serve as the successor to the Chair. Larry Brown gave the nominating committee report
and submitted the nomination of Shaunta Hyde for the position of State Board chair and Elizabeth Chen for the position of State Board vice chair for 2015-16.

**Motion:** Moved by Larry Brown and seconded by Anne Fennessy to appoint Shaunta Hyde as State Board chair for 2015-16.

**Motion:** Moved by Larry Brown and seconded by Carol Landa McVicker to appoint Elizabeth Chen as State Board vice chair for 2015-16.

- **Approval of Executive Directors Contract**
  Chair Shaunta Hyde reported that the Board completed its evaluation of Executive Director Marty Brown’s work performance and is pleased with his work, energy and talent he brings to the position.

  **Motion:** Moved by Shaunta Hyde and seconded by Elizabeth Chen that the State Board adopt Resolution 15-06-34 to extend Executive Director Martin H. Brown’s employment contract for two years, from July 1, 2015 through June 30, 2017.

**Adjournment/next meeting**
There being no further business, the State Board adjourned its regular meeting of June 23, 2015, at 12:45 p.m. The State Board will hold next meeting September 14-16, 2015, at Sun Mountain Lodge.

Attest:

______________________________________________
Shaunta Hyde  
chair

______________________________________________
Marty Brown  
secretary
**Recent Acquisitions:**

A Vacate sections of Ash and Walnut streets, and two mid block alleys surrounded by college owned properties.

B 816 Centralia College Blvd, Centralia Parcel Number 000844000000

C 814 Centralia College Blvd, Centralia Parcel Number 000843000000 Resolution 13-02-02

D 812 Centralia College Blvd, Centralia Parcel Number 000842000000 Resolution 12-10-43

E 808 Centralia College Blvd, Centralia Parcel Number 000840000000 Resolution 13-02-02

F 402 S King St, Centralia Parcel Number 000628000000 Resolution 12-10-43

G 916 W Pear St, Centralia Parcel Number 000688003000 Resolution 14-09-52

H 405 South Iron Street, Centralia Parcel Number 000688003000

**Proposed Acquisition:**

I 115 South Washington Ave, Centralia Parcel Number 0001340003000
Centralia College, property acquisition, 115 S. Washington Ave.

**Brief description**
Centralia College seeks to purchase approximately 0.22 acres at 115 S. Washington Ave. in Centralia, Wash., to be used for parking. This is part of the parking mitigation for the new Student Services project 30000123. Approximately $125,000 of the appropriated funds for this project will be used for the acquisition.

**How does this link to the system direction, mission study and policy focus**
This acquisition and subsequent parking will improve student access to education.

**Background information and analysis**
The City of Centralia has required the college to add parking to mitigate the parking spots lost due to placement of the new Student Services building and address the existing parking shortage. The increased parking capacity is expected to alleviate congestion in residential areas. The estimated total cost of $125,000 will be paid from the funds appropriated for the project.

**Potential questions**
Is the acquisition consistent with the State Board's goal of finding more and better ways to reduce barriers and expand opportunities so more Washingtonians can reach higher levels of education?

**Recommendation/preferred result**
Staff recommends approval of Resolution 15-09-35, giving Centralia College authority to purchase approximately 0.22 acres at 115 S. Washington Ave. in Centralia, Wash., to be used for parking.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu
State of Washington
State Board for Community and Technical Colleges
Resolution 15-09-35

A resolution relating to Centralia College’s request to purchase approximately 0.22 acres at 115 S. Washington Ave in Centralia, Wash., to be used for parking.

WHEREAS, the college has critical parking needs which acquisition of this property helps to address; and

WHEREAS, the purchase of the property will enable the college to incorporate this site into its overall master plan and alleviate congestion in residential areas with the increased parking capacity; and

WHEREAS, appropriations for the new Student Services building 30000123 includes funding to mitigate parking impacts of the project;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Centralia College to purchase approximately 0.22 acres at 115 S. Washington Ave., shown in attachment A, in Centralia, Wash., to be used for parking.

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 September 16, 2015.

ATTEST:

_______________________________  _________________
Marty Brown, Secretary    Shaunta Hyde, Chair
As of July 2015

1119 S. 12th Ave.
Yakima Valley Community College, property acquisition, 1119 S. 12th Ave.

**Brief Description**
Yakima Valley Community College seeks to use $129,000 in local funds to purchase 0.18 acres at 1119 S. 12st Ave. in Yakima, Wash., to be used for parking.

**How does this link to the system direction, mission study, and policy focus**
This acquisition and subsequent parking will improve student access to education.

**Background information and analysis**
This property is identified within the college’s Campus Master Plan as a location for future parking. Additional on-campus parking will alleviate parking congestion in the surrounding neighborhoods. The acquisition cost of $129,000 will be paid using local funds. The property will be converted to a pay-to-park lot and will be supported by revenue generated from parking fees. A map with the proposed acquisition is included in Attachment A.

**Potential questions**
Is the acquisition consistent with the State Board's goal of finding more and better ways to reduce barriers and expand opportunities so more Washingtonians can reach higher levels of education?

**Recommendation/Preferred Result**
Staff recommends approval of Resolution 15-09-36, giving Yakima Valley Community College authority to use $129,000 in local funds to purchase 0.18 acres at 1119 S. 12th Ave. in Yakima, Wash., to be used for parking.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu
State of Washington  
State Board for Community and Technical Colleges  
Resolution 15-09-36

A resolution relating to Yakima Valley Community College’s request to use $129,000 in local funds to purchase 0.18 acres at 1119 S. 12th Ave. in Yakima, Wash., to be used for parking.

WHEREAS, this property is identified within the college’s Campus Master Plan as a location for future parking and additional on campus parking will alleviate parking congestion in the surrounding neighborhoods; and

WHEREAS, the acquisition cost of $129,000 will be paid using local funds, the property will be converted to a pay-to-park lot, and it will be supported by revenue generated from parking fees;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Yakima Valley Community College authority to use $129,000 in local funds to purchase .18 acres at 1119 S. 12th Ave. in Yakima, Wash., to be used for parking.

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 September 16, 2015.

ATTEST:

_______________________________  ______________________________
Marty Brown, Secretary        Shaunta Hyde, Chair
Potential Acquisitions A through F

Previous Acquisitions 1 through 17

Perimeter of Sunset Ranch Subdivision
Bellevue College acquisition of six properties

**Brief description**
Bellevue College seeks authority to purchase six properties in the Sunset Ranch subdivision adjacent to the campus in Bellevue, Wash., to be used for the college’s expansion.

**How does this link to the system direction, mission study and policy focus**
This acquisition and future use will improve student access to education.

**Background information and analysis**
The acquisitions will be in a subdivision in which 17 properties are already owned by the college. Over the years, the college has capitalized these properties as part of their master plan for facility expansion.

The college is planning to buy six more properties with homes on them in the Sunset Ranch subdivision. The properties are adjacent to the main campus and other properties that the college owns. See a map of existing and potential acquisitions in **attachment A**.

Ultimately, the college will use the property to establish a base for student housing or another campus priority. In the interim, the houses may be utilized for campus needs such as storage or interim offices.

The properties are expected to cost $3,050,000 and will be paid for using local funds. Under delegated authorities from the Bellevue College Board of Trustees, the Bellevue College president approved the acquisition of these properties on June 12, 2015.

**Potential questions**
Is the acquisition consistent with the State Board's goal of finding more and better ways to reduce barriers and expand opportunities so more Washingtonians can reach higher levels of education?

**Recommendation/preferred result**
Staff recommends approval of Resolution 15-09-37, giving Bellevue College authority to purchase five more properties in the Sunset Ranch subdivision in Bellevue, Wash., to be used for the college’s expansion.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu
State of Washington  
State Board for Community and Technical Colleges  
Resolution 15-09-37

A resolution relating to Bellevue College’s request to purchase six more properties in the Sunset Ranch subdivision in Bellevue, Wash., to be used for the college’s expansion.

WHEREAS, the college is requesting to use $3,050,000 in local funds to purchase the properties; and

WHEREAS, the properties are part of a subdivision which the college already owns property in and which is part of the college’s master plan; and

WHEREAS, the college will ultimately use the property to establish a base for student housing or other campus priority and, in the interim, the house may be utilized for other campus needs such as storage or interim offices;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Bellevue College authority to use up to $3,050,000 in local funds to purchase the properties in the Sunset Ranch subdivision in Bellevue, Wash., to be used for the college’s expansion.

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 September 16, 2015.

ATTEST:

_______________________________    _______________________________
    Marty Brown, Secretary           Shaunta Hyde, Chair
Bellevue College, local expenditure authority, B Building remodel for undergraduate research and physics programs

**Brief description**
Bellevue College is seeking approval to spend up to $2,550,000 more in local funds to remodel the undergraduate research and physics areas of B Building.

**How does this link to the system direction, mission study, and policy focus**
The project will improve the college’s operating efficiency and ability to meet student needs.

**Background information and analysis**
The project will remodel the college’s 50-year-old B Building to incorporate functional and aesthetic improvements for undergraduate research and physics programs. The changes will improve student access and experience and provide operating efficiencies.

The college has undertaken a series of remodel projects in B Building since 2010 when the State Board approved the acquisition of new warehouse space near the campus to free up space for the bookstore in resolution 10-09-38.

The college previously spent $200,000 related to this project to study the program needs in B building. The college president approved the requested capital expenditure under authority delegated by the college’s board of trustees on June 12, 2015.

**Potential questions**
Is this project consistent with the State Board’s goals to improve student access and reduce facility maintenance costs?

**Recommendation/preferred result**
Staff recommends approval of Resolution 15-09-38, giving Bellevue College authority to spend up to $2,550,000 more in local funds to remodel its B Building.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbcctc.edu
A resolution relating to Bellevue College’s request to spend up to $2,550,000 more in local funds to remodel their B Building for undergraduate research and physics programs.

Whereas, the project will remodel the college’s 50-year-old B Building to incorporate functional and aesthetic improvements for undergraduate research and physics programs and the changes will improve student access and experience and provide operating efficiencies; and

Whereas, the College has funds available to cover the cost and the college’s president has approved the project;

Therefore be it resolved, that the State Board for Community and Technical Colleges authorizes Bellevue College to spend up to $2,550,000 in local funds to remodel its B Building for undergraduate research and physics programs.

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 September 16, 2015.

Attest:

_______________________________  ______________________________________
Marty Brown, Secretary  Shaunta Hyde, Chair
Bellevue College, local expenditure authority, gym remodel and locker room improvements

**Brief description**
Bellevue College is seeking approval to spend up to $1,100,000 in local funds to remodel its gym and improve the locker rooms.

**How does this link to the system direction, mission study, and policy focus**
The project will improve student access and experience and provide operating efficiencies.

**Background information and analysis**
The project will convert utility space into classrooms and improve locker rooms.

Under delegated authorities from the Bellevue College Board of Trustees, the Bellevue College president approved the expenditure of local funds for these purposes on June 12, 2015.

**Potential questions**
Is this project consistent with the State Board’s goals to improve student access and reduce facility maintenance costs?

**Recommendation/preferred result**
Staff recommends approval of Resolution 15-09-39, giving Bellevue College authority to spend up to $1,100,000 in local funds to remodel its gym and improve the locker rooms.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu
A resolution relating to Bellevue College’s request to spend up to $1,100,000 in local funds to remodel its gym and improve the locker rooms.

WHEREAS, the project will convert utility space into classrooms and improve locker rooms; and

WHEREAS, the project will improve student access and experience and provide operating efficiencies; and

WHEREAS, the college has funds available to cover the cost and the college’s president has approved the project;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Bellevue College to spend up to $1,100,000 in local funds to convert utility space into classrooms and improve locker rooms.

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 September 16, 2015.

ATTEST:

_______________________________  ______________________________
Marty Brown, Secretary          Shaunta Hyde, Chair
Bellevue College Student Center predesign

Brief description
Bellevue College seeks to increase the size of the Student Center on its campus in Bellevue, Wash., using local funds.

How does this link to the system direction, mission study and policy focus
These improvements will improve academic achievement and educational attainment.

Background information and analysis
The existing Student Center in B Building is too small for demand.

The college is requesting authority to use $1,500,000 in local funds for the predesign to identify the best location, scope and budget for the entire project. The college will request the additional local expenditure authority to complete the project after the predesign is complete.

Under delegated authorities from the Bellevue College Board of Trustees, the Bellevue College president approved the acquisition of these properties on June 12, 2015.

Potential questions
Is the acquisition consistent with the State Board's goal of finding more and better ways to reduce barriers and expand opportunities so more Washingtonians can reach higher levels of education?

Recommendation/preferred result
Staff recommends approval of Resolution 15-09-40, giving Bellevue College authority to spend $1,500,000 for a predesign to improve the Student Center on its campus in Bellevue, Wash.

Policy Manual change Yes ☐ No ☑

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu
A resolution relating to Bellevue College’s request to use local funds for a predesign improve its Student Center in Bellevue, Wash.

WHEREAS, the college is requesting to use $1,500,000 in local funds for a predesign to increase the size of its Student Center; and

WHEREAS, the college has sufficient local funds dedicated for this phase of the project; and

WHEREAS, after the predesign identifies the location, scope and budget for the project, the college will request the additional local expenditure authority to complete the project;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Bellevue College authority to use up to $1,500,000 in local funds for a predesign to increase the size of its Student Center in Bellevue Wash.

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 September 16, 2015.

ATTEST:

_______________________________  ________________________________
Marty Brown, secretary            Shaunta Hyde, chair
Spokane Community College, local expenditure authority, expand counseling and tutoring center

**Brief description**
Spokane Community College is seeking approval to spend up to $1,178,000 in local funds to expand the counseling and tutoring center on its main campus in Spokane, Wash.

**How does this link to the system direction, mission study, and policy focus**
The project will improve student success.

**Background information and analysis**
In the 2015-17 capital budget the State Board adopted June 23, 2015, Spokane Community College received a state appropriation of $1,122,000 to consolidate its counseling services into the Main Building. The college would like to add local funds to the project so that they can also expand the counseling and tutoring center from 5,000 to 10,000 square feet by converting vacated carpentry space in the Main Building.

Under delegated authorities from the Spokane Community College Board of Trustees, the chief financial officer approved the expenditure of local funds for this project on Aug. 24, 2015.

**Potential questions**
Is this project consistent with the State Board’s goals to improve student success?

**Recommendation/preferred result**
Staff recommends approval of Resolution 15-09-41, giving Spokane Community College authority to spend up to $1,178,000 in local funds to expand the Counseling and Tutoring Center.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu
A resolution relating to Spokane Community College’s request to spend up to $1,178,000 in local funds to expand the counseling and tutoring center.

WHEREAS, the project will convert vacated carpentry program space into additional counseling and tutoring space; and

WHEREAS, the project will improve student success; and

WHEREAS, the college has local funds available to cover the cost and the college’s chief financial officer approved the use of the funds for the project;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Spokane Community College to spend up to $1,178,000 in local funds to add vacated carpentry program space to the counseling and tutoring center in the Main Building.

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 September 16, 2015.

ATTEST:

Marty Brown, secretary

Shaunta Hyde, chair
Spokane Community College, local expenditure Authority, enhance boiler energy efficiencies

Brief description
Spokane Community College is seeking approval to spend up to $400,000 in local funds to enhance the efficiency of boilers on its main campus in Spokane, Wash.

How does this link to the system direction, mission study and policy focus
The project will save energy and reduce maintenance costs.

Background information and analysis
In the 2015-17 capital budget adopted by the State Board on June 23, 2015, Spokane Community College received $712,000 to replace hot water boilers, circulating pumps and fan coils in buildings 18 and 19; and to replace two natural gas-fired hot water heating boilers and pumps in Building 50. The college would like to add local funds to the project to cover the cost of more efficient boilers.

Under delegated authorities from the Spokane Community College Board of Trustees, the chief financial officer approved the expenditure of local funds for this project on Aug. 24, 2015.

Potential Questions
Is this project consistent with the State Board’s goals to improve efficiencies?

Recommendation/preferred result
Staff recommends approval of Resolution 15-09-42, giving Spokane Community College authority to spend up to $400,000 in local funds to enhance the efficiency of boilers on their main campus.

Policy Manual change Yes ☐ No ☑

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbctc.edu

Consent Item (Resolution 15-09-42)
September 16, 2015
A resolution relating to Spokane Community College’s request to spend up to $400,000 in local funds to enhance the efficiency of boilers on its main campus.

WHEREAS, the college can enhance the efficiency of boilers and reduce the operating cost on its main campus; and

WHEREAS, the college has local funds available to cover the cost and the college’s chief financial officer has approved the use of the funds for the project;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Spokane Community College to spend up to $400,000 in local funds to enhance the efficiency of boilers on the main campus.

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 September 16, 2015.

ATTEST:

_________________________________  _______________________________________
Marty Brown, Secretary             Shaunta Hyde, Chair
GROUND LEASE

Between

THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

THE BOARD OF TRUSTEES OF EVERETT COMMUNITY COLLEGE

and

WASHINGTON STATE UNIVERSITY
This Ground Lease ("Ground Lease") is made as of the ____day of September, 2015, between the STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES (the "State Board"), as "Ground Lessor" on behalf of THE BOARD OF TRUSTEES OF EVERETT COMMUNITY COLLEGE, an agency of the State of Washington (the "College"), and WASHINGTON STATE UNIVERSITY, an institution of higher education and agency of the state of Washington ("Ground Lessee"), collectively referred to herein as the "Parties" or individually as a "Party," with reference to the following facts:

RECITALS

A. The Ground Lessor is the owner of certain real property located in the City of Everett, Snohomish County, Washington, and more particularly described in Exhibit A attached hereto and by this reference incorporated herein (the "Real Property").

B. College and Ground Lessee both offer post-secondary education and each has services, programs, equipment, and facilities or other resources available which can be utilized by lease, sale, exchange, or agreement, one with the other, to facilitate the goals, objectives, and procedures of each in a beneficial, economical, and convenient manner.

C. This Ground Lease will benefit both the College and Ground Lessee by allowing each of them to provide more educational resources than either would be able to provide individually.

D. The Ground Lessor and the College will benefit from having Ground Lessee’s Washington State University North Puget Sound Everett ("WSU NPSE") Center situated on its property in that the facility would also be available for use in furtherance of the College's educational and community purposes. The benefit of this Ground Lease to the Ground Lessor and the College will be derived from the unique educational partnership that is the cornerstone to this agreement between the College and Ground Lessee. The College anticipates that this educational partnership will be of significant benefit to the College's students and the greater community.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Ground Lessor, College, and Ground Lessee hereby agree as follows:

1. Incorporation of Recitals; Definitions. Each recital set forth above is incorporated into this Ground Lease as though fully set forth herein. All capitalized terms not otherwise defined herein shall have the meaning set forth in Section 25 of this Ground Lease.

2. Premises; Term.

2.1. Lease to Ground Lessee. In consideration of the Rent to be paid and the covenants and agreements hereinafter provided which Ground Lessee hereby agrees to keep
and perform, the Ground Lessor hereby leases to Ground Lessee and Ground Lessee hereby leases from the Ground Lessor the Premises legally described in Exhibit A.

2.2. **Title to and Condition of the Premises.** Ground Lessee has had an opportunity to and has conducted a thorough investigation of the Premises and is in all respects knowledgeable and familiar with the present condition of the Premises. The Premises are leased to Ground Lessee in their present condition without representation of warranty of any kind by Ground Lessor or College, express or implied, and subject to all applicable Legal Requirements (defined below) now or hereafter in effect; provided, however, the Ground Lessor warrants that it has marketable title to the Premises demised under the Ground Lease; the Premises constitute one or more separate legal lots; and the Ground Lessor and College have authority to lease the Premises to Ground Lessee pursuant to this Ground Lease.

2.3. **Term.** This Ground Lease shall be for a term of 50 years, with the Ground Lessee having the option to extend the term hereof of its leased Premises for two additional consecutive 10-year renewal periods on the same terms and conditions contained herein, commencing on the date of September 1, 2015, ("Commencement Date"). The two additional 10 year renewal options to extend the term shall each be deemed to have been automatically exercised unless the Ground Lessee shall give written notice to the Ground Lessor of the election not to exercise the same, in writing, not less than 90 days prior to expiration of the then-current term.

3. **Rent.** Commencing on the Commencement Date, Ground Lessee shall pay to the College the following Rent: In consideration of the benefits to be received by the College as described herein, the annual rent for the Premises shall be $1.00 (One Dollar) per year, payable no later than the 31st of December of each year. The amount of Rent has been determined by the Parties taking into consideration the following criteria: (a) the Premises are largely unimproved; (b) the Improvements (as defined in Section 5.1, below) will be owned by the Ground Lessor upon expiration of the term and any renewals thereof of this Ground Lease; (c) the restrictions set forth in this Ground Lease on Ground Lessee’s use of the Premises; and (d) the College’s and or its students’ shared usage of portions of the Premises to be determined more specifically in a Management Agreement to be negotiated and executed between the College and the Ground Lessee’s WSU NPSE Center.

4. **Compliance with Legal Requirements and Agreements.** Ground Lessee shall, at its sole cost and expense, comply with and perform all obligations with respect to (a) the Legal Requirements as applicable to a ground lessee, and (b) all applicable contracts to which Ground Lessee is a party (including insurance policies, to the extent necessary to prevent cancellation and to ensure full payment of all claims made under such policies), covenants, conditions and restrictions, and all other applicable agreements to which Ground Lessee is a party relating to the Premises and its ownership, operation, use, or possession.

5. **Use of Premises.**

5.1. **Premises to be Used Solely for the WSU NPSE Center or other Mutually Agreed upon Educational Purpose.** The Ground Lessee shall use the Premises for the construction, lease,
and operation of an approximately 95,000 square foot WSU NPSE Center facility and related space and uses (the "Improvements") for educational purposes. No other use may be made of the Premises without the prior written approval of the College and the Ground Lessor, which approval shall not be unreasonably withheld.

5.2. In addition, the Premises shall be operated to allow reasonable access to Everett Community College students, instructors, and staff. Such access will be specifically delineated in a Management Agreement to be negotiated and executed by the Ground Lessee and the College. Access by the College or its students shall not unreasonably interfere with the Ground Lessee's educational programming.

Design Requirements.

5.3 Construction and design, of the Improvements shall be substantially in accordance with the College Master Plan, dated 2014, with Design Guidelines, College Standards and Specifications, and other governmental rules, regulations, and requirements applicable to development at the Everett Community College campus and by this reference incorporated herein (collectively, "Development Standards") as each currently exists. A copy of the College Master Plan was provided to Ground Lessee prior to its execution of this Ground Lease. All improvements constructed on the Premises must also comply with all Legal Requirements. Ground Lessee shall promptly provide the College with copies of all site plans, surveys, applications for land use approvals and permits, permits, licenses, approvals, and other agreements with state and local governmental entities with jurisdiction over the development and use of the Premises.

5.4. Uses Prohibited.

(a) Ground Lessee shall not do or permit anything to be done on the Premises or the Improvements, nor bring or keep anything therein, which will in any way increase the premium or cause cancellation of fire or other insurance acquired pursuant to this Ground Lease or any other agreement executed by the Parties.

(b) Ground Lessee shall not allow the Premises or the Improvements to be used for any unlawful purpose, nor shall Ground Lessee cause, maintain, or permit any nuisance in, on, or about the Premises or the Improvements. Ground Lessee shall not commit or suffer to be committed any waste in or upon the Premises, the Improvements, or the landscaping. Ground Lessee shall not do or permit anything to be done on the Premises or the Improvements that will cause damage to the Premises or the Improvements.

(c) During construction, Ground Lessee shall at all times require its general contractor to conduct its activities in conformance with this Ground Lease and so as not to interfere with, obstruct, or endanger Ground Lessor's or the College's facilities, property, or operations.

6.1. Covenant Against Liens. Ground Lessee covenants and agrees that it shall not, during the Term of this Ground Lease, suffer or permit any lien, charge, security interest, or encumbrance (collectively, "Liens") to be attached to, upon, or against the Premises, or any portion thereof or any Rent payable under this Ground Lease for any reason, including, without limitation, Liens arising out of the possession, use, occupancy, design, construction, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Ground Lessee. Ground Lessee agrees to indemnify, protect, defend, and hold Ground Lessor and the College harmless from and against all liabilities, losses, damages, expenses, and costs (including reasonable attorneys' fees and costs) incurred in connection with any such Lien. Ground Lessee’s obligations pursuant to this Section 6.1 shall survive the expiration or earlier termination of this Ground Lease.

7. Leasehold Improvements.

7.1. Construction of Improvements in Accordance with Development Standards. Ground Lessor and the College would not have entered into this Ground Lease but for the agreement by Ground Lessee to undertake, at Ground Lessee’s sole cost and expense, the construction of the Improvement in substantial accordance with the Development Standards. Ground Lessee agrees to design, construct, and diligently and continuously prosecute to completion the construction of the Improvements in a timely and cost-effective fashion, in a good and workmanlike manner.

7.2. Title to Improvements.

(a) Title and ownership of all Improvements, fixtures, and equipment hereafter located on the Premises by Ground Lessee shall be vested in Ground Lessee until the termination or expiration of this Ground Lease. Upon the termination or expiration of this Ground Lease, title to all Improvements shall vest automatically in the Ground Lessor. If there is dissolution of the WSU NPSE Center branch campus, the building ownership will revert to Ground Lessor. However, if RCW or WAC prevent such reversion, the Ground Lessee will lease the building back to the Ground Lessor for $1.00 per year until the building can become the property of the College.

(b) During the term and any renewals thereof of this Ground Lease, the Improvements shall not be conveyed, transferred, or assigned without the prior written consent of the Ground Lessor and the College, which consent shall not be unreasonably withheld. Ground Lessee shall allow no other person to construct, except for on Ground Lessee's account, any additional improvements on the Premises, and except as allowed pursuant to Section 8.2(a) of this Ground Lease.

(c) All of Ground Lessee's right, title, and interest to any Improvements shall terminate and title to the Improvements shall automatically vest in the Ground Lessor and the
Improvements shall be surrendered by Ground Lessee to the Ground Lessor upon expiration or earlier termination of this Ground Lease. No further deed or other instrument shall be necessary to confirm the vesting of title to the Improvements in the Ground Lessor. However, upon termination or expiration of this Ground Lease, Ground Lessee, upon request of the College or Ground Lessor, shall execute, acknowledge, and deliver to the College a deed in a form mutually agreeable to Ground Lessee, the College, and the Ground Lessor, confirming that all of Ground Lessee’s right, title, and interest in the Improvements has expired and that title to the Improvements has vested in the Ground Lessor.

8. Maintenance and Modifications.

8.1. Maintenance and Repairs. Maintenance and repairs of the Premises, the improvements, all facilities and equipment thereon, and all sidewalks, curbs, gutters, landscaping, utility lines, and appurtenances and every part thereof, shall be undertaken by the Parties in accordance with a Management Agreement anticipated to be negotiated and executed prior to the completion of construction.

8.2. Modifications, Alterations, and Additions.

(a) Ground Lessee shall not make any substantial modifications, alterations, additions, or improvements to the Premises or any part thereof (other than the Improvements) without first obtaining the prior written consent of the College, which consent shall not be unreasonable withheld, conditioned, or delayed. In all events, Ground Lessee shall promptly furnish the College with copies of all plans and specifications prepared in connection with any substantial repairs, alterations, additions, or improvements. All such substantial modifications, alterations, additions, and/or improvements shall be constructed in accordance with plans and specifications approved by the College, which approval shall not be unreasonably withheld, conditioned or delayed. Notice and approvals required by this Section shall be given and all permits acquired as set forth in Section 7.2 herein.

(b) Before commencing any work relative to the substantial modifications, alterations, improvements, or additions affecting the Premises, Ground Lessee shall notify the College in writing of the expected date of commencement thereof. The College shall then have the right at any time to post and maintain on the Premises such notices as the College reasonably deems necessary to protect the Premises and the College from construction or other Liens. Any such substantial modification, alteration, improvement, or addition shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable Legal Requirements and the requirements of all insurance policies applicable to the Premises. Ground Lessee will procure all necessary permits before making any such substantial repairs, alterations, additions, or redecoration. Ground Lessee shall pay, when due, all claims for labor, materials, supplies, or equipment furnished to or for Ground Lessee at or for use in the Premises. Ground Lessee shall not permit any Liens to be levied against the Premises for any labor, materials, supplies, or equipment furnished to Ground Lessee or claimed to have been furnished to Ground Lessee or to Ground Lessee’s agents or contractors in connection with the work and any such Liens shall be removed as required under Section 6 of this Ground Lease.
9. **Utilities and Services.** During construction of the Improvements, Ground Lessee shall be solely responsible for all utility costs associated with the Improvements and construction thereof. Following completion of the Improvements, Ground Lessee shall continue to be responsible for utilities and services to the Improvements.

10. **Ground Lessee Financing of Improvements.**

10.1 **Encumbrances.** Ground Lessee shall not have the right to mortgage, pledge, encumber, or assign its leasehold interest under this Ground Lease, in whole or in part, without the written permission of the College, which permission shall not be unreasonably withheld.

11. **Maintenance of Premises and WSU NPSE Center.** Following completion of the Improvements, it is contemplated that the Parties will address maintenance of the Premises and WSU NPSE Center under the terms of a Management Agreement to be negotiated and executed subsequent to the effective date of this Ground Lease. To the extent any terms of the Management Agreement are inconsistent with the terms of the Ground Lease as pertains to maintenance of the Premises, the terms of the Management Agreement as then existent shall govern.

12. **Environmental Obligations of the Parties.**

12.1 **Definitions.** As used in this Ground Lease, the following terms shall be defined as follows:

a) "**Environmental Laws**" shall include any and all federal state, and local statutes, regulations, rules, and ordinances, now or hereafter in effect, which in any way govern the use, storage, or spillage of any Hazardous Substances.

b) "**Hazardous Substances**" shall be interpreted in the broadest sense to include any substance, material, or product defined or designated by federal or state law as hazardous, toxic, radioactive, dangerous, or regulated wastes, including but not limited to, those provisions listed in Section 25.6 of this Ground Lease.

c) "**Environmental Costs**" shall be interpreted in the broadest sense to include, but shall not necessarily be limited to: (i) costs or expenses relating to any actual or claimed violation of or noncompliance with any Environmental Law; (ii) all claims of third parties, including governmental agencies, for damages, response costs, or other relief; (iii) the cost, expense, or loss to a Party to this Ground Lease as a result of any injunctive relief, including preliminary or temporary injunctive relief, applicable to the Party or the Premises; (iv) all expenses of evaluation, testing, analysis, cleanup, remediation, removal, and disposal relating to Hazardous Substances, including fees of attorneys, engineers, consultants, paralegals, and experts; (v) all expenses of reporting the existence of Hazardous Substances or the violation of Environmental laws to any agency of the State of Washington or the United States as required by applicable Environmental Laws; (vi) any and all expenses or
obligations, including attorneys' and paralegal fees, incurred at, before, and after any trial or appeal there from or any administrative proceeding or appeal there from, whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise), deposition costs, copying, telephone, and fax charges and other expenses; and (vii) any damages, costs, fines, liabilities, and expenses which are claimed to be owed by any federal, state, or local regulating or administrative agency.

12.2 Responsibility for Cleanup/Remediation and Costs.

a) Should the presence of Hazardous Materials be discovered on the Real Property during design or construction of the WSU NPSE Center, the College shall, in coordination with Ground Lessee and its contractor, cause such material(s) to be removed and disposed of and the Real Property remediated in full compliance with all Environmental Laws or orders or directives of governmental regulators with jurisdiction over the Premises and the Parties. All Environmental Costs, shall be borne by the Ground Lessee.

b) Should Ground Lessee or its contractors cause to be spilled or discharged Hazardous Materials on the Premises, then Ground Lessee or its contractor shall cause such material(s) to be removed and disposed of and the Premises remediated in full compliance with all Environmental Laws or orders or directives of governmental regulators with jurisdiction. All Environmental Costs incurred to affect such cleanup shall be borne by the Ground Lessee or its contractor(s).

12.3 No Use of Hazardous Substances. No handling, generation, storage, creation, disposal, transportation, or discharge of any Hazardous Substances shall be permitted on, about, or from the Premises except as approved in writing by the College. This restriction shall not apply, however, to use of construction materials and supplies needed for use in construction of the Improvements, or to office and janitorial supplies which are available over the counter for common use by members of the general public so long as such use is in small quantities, or to Hazardous Substances, nor shall this prohibition apply to substances fully contained inside of vehicles so long as used in accordance with all Environmental Laws.

12.4 Environmental Inspection. The Parties reserve the right to inspect for Hazardous Substances and/or another Party’s management of Hazardous Substances of the Premises at any reasonable time, and from time to time, with notice to the other Party.

12.5 Disposal of Hazardous Substances. Neither the Ground Lessor, the College, Ground Lessee, nor any of Ground Lessee’s tenants shall dispose of any Hazardous Substances, regardless of the quantity or concentration, into any drainage ditches, storm, and/or sanitary sewer drains and plumbing facilities within the Premises, or other property of the College except in compliance with all Environmental Laws. Any disposal of Hazardous Substances shall be in approved containers and removed from the Premises only in accordance with the law. If the College or Ground Lessee knows, or has reasonable cause to believe, that any release of Hazardous Substances has come to be located on or beneath the Premises, then the College or
Ground Lessee, as the case may be, must immediately give written notice of that condition to the other Party.

12.6 **Notice to Party.** Any Party hereto shall immediately notify all other Parties hereto upon becoming aware of a violation or alleged violation of any Environmental Law and/or: (1) any leak, spill, release, or disposal of a Hazardous Substance on, under, or adjacent to the Premises or threat of, or reasonable suspicion of, any of the same; and/or (2) any notice or communication from a governmental agency or known by a Party directed to any Party hereto or any other person relating to such Hazardous Substances on, under, or adjacent to the Premises or any violation or alleged violation of any Environmental Laws with respect to the Premises.

12.7 **Compliance with Laws and Regulations.** The Parties hereby represent, warrant, covenant, and agree to and that all operations or activities upon, or any use or occupancy of the Premises or any portion thereof by Ground Lessee, the College, or any occupant of the Premises shall, throughout the Term of this Ground Lease, be in compliance in all material respects with all state, federal, and local Environmental Laws and regulations governing or in any way relating to the generation, handling, storage, use, transportation, discharge, or disposal (whether legal or illegal, accidental or intentional) of any Hazardous Substances.

12.8 **Breach as Material Default.** All Parties hereby specifically acknowledge and agree that (a) each of the covenants, obligations, agreements, representations, and warranties set forth in Section 12 is a material inducement to the Parties to enter into this Ground Lease, and (b) breach by any Party of any covenants, obligations, agreements, representations, and warranties set forth in Section 12 shall constitute a material breach of this Ground Lease by the breaching Party, entitling the other Parties to all of the rights and remedies provided to the Parties under this Ground Lease or under applicable law.

12.9 **Survival.** Each of the covenants, agreements, obligations, representations, and warranties of the Parties set forth in this Section 12 shall survive the expiration or earlier termination of this Ground Lease.

13. **Insurance Policies.** All insurance required under this Section 13 shall: (i) be issued by The State of Washington’s Self-Insurance Liability Program or insurance companies authorized to do business in the state of Washington with a rating reasonably satisfactory to the College and Ground Lessee; and (ii) specify the College and the Ground Lessor as additional insureds. The State of Washington’s Self-Insurance Liability Program is continuous unless abolished by the Washington State Legislature. Should the program be abolished, the College and the Ground Lessor will be notified 45 days prior to cancellation.

13.1 **Commercial General Liability Insurance.** During the Term of this Ground Lease, Ground Lessee shall, at its sole cost and expense, obtain and keep in force throughout the Term of this Ground Lease, commercial general liability insurance on an occurrence basis, insuring the College and the Ground Lessee against claims for personal injury (including, without limitation, bodily injury or death), property damage, and such other loss or damage from such causes of loss as are embraced by insurance policies of the type now known as "Commercial General Liability"
insurance, with a combined single limit of not less than $5,000,000.00. Such insurance shall be in form and with deductibles reasonably satisfactory to the College and Ground Lessee. The limits of such insurance shall not, however, limit the liability of the Parties hereunder.

13.2 Property Insurance. Commencing upon the construction of the improvements and thereafter during the Term of this Ground Lease, Ground Lessee shall obtain and maintain on the Premises (including the Improvements) insurance policies of the type now known as "all risk" or "special cause of loss" property insurance, including boiler and machinery insurance, in an amount not less than 100% of the then full replacement cost of the Improvements (exclusive of the costs of excavations, foundations, and footings below the lowest basement floor) and Personal Property without deduction for physical depreciation. Such property insurance shall be in builder's risk form during initial construction of the Improvements and during any restoration accomplished in connection with damage or destruction to the Premises. Ground Lessee is responsible for payment of any deductibles under said insurance policies and any reasonable costs of restoration resulting from any uninsured or underinsured losses. The insurance policies shall be issued in the name of the College, the Ground Lessor, and the Ground Lessee as named insureds. Any proceeds of such insurance shall be applied to all expenses associated with the restoration of the Premises so long as the proceeds, together with other funds provided by Ground Lessee, will be sufficient to pay in full for such restoration. If the proceeds and funds are insufficient to pay for such restoration in full, the proceeds shall first be applied to destruction and removal of damaged Improvements, at the option of the Ground Lessee.

13.3 Builder's Risk. During the course of construction of the WSU NPSE Center, Ground Lessee or its general contractor shall keep in place a policy of "builder's risk" insurance fully insuring the replacement value of portions of the constructed Improvements.

13.4 Waiver of Subrogation. Anything in this Ground Lease to the contrary notwithstanding, Ground Lessee, Ground Lessor, and the College each waives its entire right of recovery, claims, actions, or causes of action against the other for physical loss or damage to the Premises, or any personal property of such Party therein or loss of use of the Premises that is caused by loss or damage that is insured under any insurance policies carried by the Parties and in force at the time of damage or loss. Ground Lessee shall cause each insurance policy obtained by it to provide that the insurance company waives all right to recovery by way of subrogation against either the College or Ground Lessor in connection with any such loss or damage.

13.5 Failure to Maintain Insurance. If Ground Lessee shall fail to provide the insurance or evidence of insurance required hereunder, the College may obtain such policies as the agent of the Ground Lessee, and the premiums paid for such insurance shall be paid by Ground Lessee to the College upon demand. The College shall be limited in damages that the College may claim against Ground Lessee arising out of or by reason of Ground Lessee's failure to provide and keep in force policies as aforesaid, to the amount of the insurance premiums not paid or incurred by Ground Lessee.

14. Damage or Destruction of Premises.
14.1 **Ground Lessee’s Duties.** If any of the Improvements or any appurtenance thereto shall be damaged or destroyed by fire or other casualty, Ground Lessee shall give prompt written notice thereof to the College, and shall, to the extent possible given its financial resources, proceed with reasonable diligence to carry out any necessary demolition and/or to restore, repair, replace, and rebuild such Improvements at Ground Lessee's own cost and expense. If any insurance proceeds shall have been paid by reason of such damage or destruction, Ground Lessee shall be entitled to such proceeds for the purpose of such demolition and/or rebuilding, as set forth in and subject to Section 13.2 hereof.

14.2 **College’s Rights.** If Ground Lessee fails or neglects to supply sufficient workmen or sufficient materials of proper quality, or fails in any other respect to prosecute such work of demolition, restoration, repair, replacement, or rebuilding with diligence and promptness, after the commencement thereof, then the College may give Ground Lessee written notice of such failure or neglect; and if such failure or neglect continues for sixty (60) days after such notice, then the College, in addition to all other rights which the College may have, may at its sole expense enter upon the Real Property, provide labor and materials, cause the performance of any contract, and take such other action as the College may deem necessary, in which event the College shall be entitled to reimbursement of its reasonable costs and expenses out of any insurance proceeds not used by Ground Lessee for any such demolition, restoration, repair, replacement, or rebuilding it has undertaken.

15. **Condemnation.** If during the Term there is a taking or damaging of all or any portion of the Premises by the exercise of any governmental power, whether by legal proceedings or otherwise, by a governmental agency with jurisdiction or a transfer by any Party either under threat of condemnation or while legal proceedings for condemnation are pending (a "Condemnation") such that there can be no reasonable use of the Premises by Ground Lessee, this Ground Lease shall terminate on the date the governmental agency has the right to possession of the property being condemned. Any award authorized by Title 8 RCW with respect to the taking of the Premises (except for the Improvements) shall belong to the Ground Lessor, and with respect to the Improvements shall belong to the Ground Lessee. If during the Term there is a partial taking of a part of the Premises by Condemnation, and the Parties agree that a reasonable use can be made of the Premises, then this Ground Lease will continue in full force and effect as to the remainder of the Premises with any award for such partial taking payable in full to Ground Lessee.

16. **Assignment and Subletting.** The Ground Lessee shall not assign nor sublet the Premises without first obtaining Ground Lessor's and the College's prior written consent, which may be exercised in the sole discretion of either Ground Lessor or the College. It is acknowledged by the parties that assignment of the Ground Lessee's interest in this Ground Lease to a private entity for educational programming or other purposes is not a reasonable use of the premises unless specifically agreed to by the College and the Ground Lessor.

17. **Liability.** Each Party to this Ground Lease shall be responsible for its own acts and/or omissions and those of its officers, employees, and agents. No Party to this Ground Lease shall be responsible for the acts and/or omissions of entities or individuals not a party to this Ground Lease.
Lease. This Section shall survive the expiration or other termination of this Ground Lease. This Section is for the sole benefit of the Parties and shall not inure to the benefit of any third party. No Party shall be considered the “agent” of the other for purposes of this Section.

18. Default. The occurrence of any of the following shall constitute a default under this Ground Lease:

18.1 Payment. Failure to make any payments of Rent or any other payments due under this Ground Lease if the failure to pay is not cured within thirty (30) business days after written notice thereof shall have been given to Ground Lessee by Ground Lessor and the College.

18.2 Other Failure to Perform. Failure to perform any other material provision of this Ground Lease if the failure to perform is not cured within thirty (30) business days after written notice of such default has been given by Ground Lessor and the College to the Ground Lessee, or by the Ground Lessee to the College and Ground Lessor. If the default cannot reasonably be cured within thirty (30) business days, then no Party shall be in default under this Ground Lease if the Party commences to cure the default within thirty (30) business days and diligently and in good faith continues to cure the default.

19. Termination of the Ground Lease by the College and/or the Ground Lessor for Failure to Properly Utilize the Premises. In the event the Ground Lessee fails to utilize the Premises as outlined herein, the Ground Lessor and the College may provide written notice of intent to terminate this Ground Lease unless the breach is cured in the manner prescribed in Section 18.2. The Premises must be utilized to function as the WSU NPSE Center.

19.1 Upon the College’s or Ground Lessor’s provision of notice of intent to terminate the Ground Lease as provided in Section 18.2 and the failure of the Ground Lessee to timely cure the breaches as described in said Section, the Ground Lease may be terminated by the College or the Ground Lessor.

19.2 In the event of termination of the Ground Lease by the Ground Lessor or the College as set forth above in Section 19, title to the Improvements shall pass to the College and the Ground Lessor.

20. Remedies. In the event of any material default or breach by a Party, the non-defaulting Party(ies) may, at any time thereafter, without limiting such Party(ies) in the exercise of their rights or remedies at law or equity, or as set forth herein, maintain the Ground Lease in full force and effect without terminating Ground Lessee’s right to possession of the Premises.

21. Signs. Ground Lessee shall not place identification signage, other signage, advertisements, awnings, banners, or other exterior decorations on the exterior of the Premises without the approval from the College, which consent shall not be unreasonably withheld so long as such signs comply with the College’s policies regarding signs. Any sign that Ground Lessee has the right to place, construct, and maintain shall comply with all laws; and Ground Lessee
shall obtain any approval required by such laws. The College makes no representation with respect to Ground Lessee's ability to obtain such approval.

22. **Duties of the Parties Upon Termination.**

22.1 **Duties on Termination.** Upon expiration or earlier termination of this Ground Lease, Ground Lessee shall deliver all keys to the College and surrender the Premises and the Improvements on the Premises in reasonable order, condition, and wear. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored. Improvements constructed by Ground Lessee with permission from the College shall become the College's property and shall not be removed. Ground Lessee shall also provide to the College, upon expiration or earlier termination of this Ground Lease, all building and maintenance records and other pertinent information in Ground Lessee's possession pertaining to construction, operation, and maintenance of the Improvements and the Premises.

22.2 **Holding Over.** If the Ground Lessee shall hold over after the expiration or termination of the Term or any renewals thereof of this Ground Lease, and the College and the Ground Lessee shall not have agreed in writing upon the terms and provisions of a new ground lease (or on an additional extension of this Ground Lease) prior to such expiration, the Ground Lessee shall remain bound by all terms, covenants, and agreements hereof.

23. **Protection Against Claims by the Public.** Either Party may request another Party, at the latter's expense, to take such steps as are reasonably necessary to protect against possible claims of prescriptive rights in favor of the public.

24. **Miscellaneous Provisions.**

24.1 **Entire Agreement.** This Ground Lease represents the entire agreement between the Parties provided that this Ground Lease shall be construed together with the Management Agreement, when drafted. This Ground Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each Party hereto.

24.2 **Governing Law.** This Ground Lease shall be governed by and construed and enforced in accordance with the laws of the state of Washington.

24.3 **Severability.** Should any of the provisions of this Ground Lease be found to be invalid, illegal, or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Ground Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the Parties.

24.4 **Jurisdiction.** In the event any action is brought to enforce any of the provisions of this Ground Lease, the Parties agree to be subject to exclusive in rem jurisdiction in the Snohomish County Superior Court for the State of Washington.
24.5 Waiver. No waiver of any right under this Ground Lease shall be effective unless contained in writing signed by a duly authorized officer or representative of the Party sought to be charged with the waiver, and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Ground Lease.

24.6 Captions. Section captions contained in this Ground Lease are included for convenience only and form no part of the agreement between the Parties.

24.7 Notices. All notices or requests required or permitted under this Ground Lease shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, or by facsimile transmission, and shall be deemed given three (3) days following the date when mailed or on the date when delivered or faxed (provided the fax machine has issued a printed confirmation of receipt). All notices or requests shall be sent to Ground Lessor, the College, and Ground Lessee, addressed as follows:

If to Ground Lessee: Washington State University
ATTENTION: Real Estate Office
French Ad Bldg Rm 242
PO Box 641045
Pullman, WA 99164-1045

If to College: Everett Community College
Attention: President David N Beyer
2000 Tower Street
Everett, WA 98201

If to Ground Lessor: State Board for Community and Technical Colleges
1300 Quince St. SE, POB 42495
Olympia, WA 98504-2495

Either Party may change the address to which notices shall be sent by notice to all other Parties.

24.8 Binding Effect. This Ground Lease shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and assigns. No permitted assignment of this Ground Lease or Ground Lessee’s rights hereunder shall be effective against the College unless and until an executed counterpart of the instrument of assignment shall have been delivered to the College and the College shall have been furnished with the name and address of the assignee. The term "Ground Lessee" shall be deemed to include the assignee under any such permitted assignment. Unless required or directed by law, neither the College nor Ground Lessor shall sell, transfer, or convey the Premises, except to a city, county, state, governmental subdivision or agency, municipal corporation or public development authority, without the prior written consent of Ground Lessee, which consent shall not be unreasonably withheld, conditioned, or delayed.
24.9 **Gender and Number.** As used in this Ground Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include the masculine and feminine, the singular shall include the plural, and the plural shall include the singular, as the context may require.

24.10 **Nondiscrimination and Affirmative Action.** There will be no discrimination in the performance of this Ground Lease or in any employment practice taking place at the Premises on the basis of race, religion, creed, color, national origin, families with children, sex, marital status, sexual orientation (including gender identity), age, genetic history, honorably discharged veteran or military status, or the presence of any sensory, mental, or physical disability, or the use of a trained dog guide or service animal by a person with a disability, in compliance with (a) Presidential Executive Order 11246, as amended, including the Equal Opportunity Clause contained therein; (b) Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans Readjustment Act of 1974, as amended, and the Affirmative Action Clauses contained therein; (c) the Americans with Disabilities Act of 1990, as amended; and (d) applicable non-discrimination laws of the state of Washington. The Parties further agree they will not maintain facilities which are segregated on the basis of race, color, religion, or national origin in compliance with Presidential Executive Order 11246, as amended, and will comply with the Americans with Disabilities Act of 1990, as amended, regarding programs, services, activities, and employment practices.

24.11 **Fair Construction.** The provisions of this Ground Lease shall be construed as a whole according to their common meaning not strictly for or against any Party and consistent with the provisions contained herein in order to achieve the objectives and purposes of this Ground Lease and any Management Agreement reached between the College and Ground Lessee. Each Party hereto and its counsel has reviewed and revised this Ground Lease and agrees that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be applied in the interpretation of this Ground Lease.

24.12 **Recording.** This Ground Lease shall not be recorded, but the Parties shall execute and acknowledge a Memorandum of this Ground Lease in a form reasonably acceptable to the Parties which may be recorded. Within ten (10) days following the expiration or earlier termination of this Ground Lease, Ground Lessee shall execute and deliver to the College an instrument, in recordable form, confirming the termination of this Ground Lease, which instrument, at the College’s option, may be placed of record in real estate records in the county in which the Premises are located.

24.13 **Time is of the Essence.** Except as set forth in Section 7 of this Ground Lease dealing with construction of the Improvements, the Parties hereto expressly agree that time shall be of the essence in the payment and performance of each Party’s obligations under this Ground Lease.

25. **Definitions.** As used in this Ground Lease, the following capitalized terms shall have the following meanings:
25.1 "Calendar Year," means a calendar year commencing January 1 and ending December 31.

25.2 "Development Standards" means the College's 2014 Master Plan and other governmental rules, regulations, and requirements applicable to development at the Everett Community College campus.


25.4 "Fiscal Year" means a twelve-month period commencing July 1 and ending June 30 of the following calendar year.

25.5 "Ground Lessee" means Washington State University and its predecessors, successors, and assigns.

25.6 "Hazardous Substances" shall include, without limitation:


(b) Those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and
amendments thereto).

(c) Any material, waste, or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 1251 et seq. (33 U.S.C. § 1321); or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. § 1317), (E) flammable explosives, or (F) radioactive materials.

(d) Those substances defined as "dangerous waste," "hazardous waste, " or as "hazardous substances" under the Water Pollution Control Act, RCW 90.48.010 et seq., the Hazardous Waste Management Statute, RCW 70.105.010 et seq., and the Toxic Substance Control Act (Senate Bill No. 6085), RCW 70.1058.010 et seq., the Model Toxics Control Act, RCW 70.105D.010 et seq., and the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws.

(e) Such other substances, materials, and wastes which are or become regulated as hazardous or toxic under applicable local, state, or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations.

25.7 "Improvements" means the approximately 95,000 square foot WSU NPSE Center and related space to be constructed or present on the Real Property.

25.8 "Law" means any constitution, statute, ordinance, regulation, rule, judicial decision, administrative order, or other requirement of any federal, state, county, municipal, or other governmental agency or authority having jurisdiction over the Parties or the Premises, or both, in effect either at the time of execution of this Ground Lease or at any time during the Term, including, without limitation, any regulation or order of a quasi official entity or body (e.g. board of fire examiners or public utilities); and all rules, laws, and regulations arising under Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice.

25.9 "Legal Requirements" means all obligations with respect to all applicable local, state, and federal laws, ordinances and regulations, and other governmental rules and orders now or hereafter in effect, whether or not presently contemplated, applicable to the Premises or its ownership, operation, use or possession, including (without limitation) all those relating to parking restrictions, building codes, zoning, life safety requirements, or other land use matters, and the Americans with Disabilities Act of 1990, as amended.

25.10 "Liens" has the meaning set forth in Section 6.1 of this Ground Lease.

25.11 "Personal Property" means equipment, furniture, and other movable personal property placed in or on the Premises by Ground Lessee.

25.12 "Premises" means the Real Property and Improvements to be located thereon situated in the City of Everett, Snohomish County, Washington.
25.13 “Real Property” means the land on which the Premises are located, as more particularly described in Exhibit A.

25.14 “Rent” means Fixed Rent as defined in Section 3 of this Ground Lease.

25.15 “Term” means the period set forth in Section 2.3.

25.16 “College” means the Everett Community College, an agency of the State of Washington.

25.17 “Year” means each succeeding year of the term, commencing with the Commencement Date and ending with the date which is one (1) days less than one (1) year later.

26. Authority. Everett Community College is a community college, an agency of the State of Washington, established and existing pursuant to Chapter 28B.50 RCW. The State Board of Community and Technical Colleges is an agency of the State of Washington existing pursuant to Chapter 28B.50 RCW.

IN WITNESS WHEREOF, the Parties hereto have executed this Ground Lease as of the dates set forth below.

GROUND LESSOR:

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

Approved as to form:

By ____________________________
Marty Brown, Executive Director
Assistant Attorney General
for SBCTC

Date: ____________________________

COLLEGE:

BOARD OF TRUSTEES OF EVERETT COMMUNITY COLLEGE

Approved as to form:

By ____________________________
Dr. David Beyer, President
Assistant Attorney General
for Everett Community College

Date: August 25, 2015

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GROUND LESSEE:

WASHINGTON STATE UNIVERSITY

By

Olivia Yang, Interim Vice President for Finance & Administration

Date: ____________________________

Approved as to form:

Sherry Gordon, Senior Counsel, WSU Division of the Office of Attorney General
I certify that I know or have satisfactory evidence that ______________________ is the person who appeared before me, and said person acknowledged that s/he **signed** this instrument and acknowledged it as the ______________________ of ______________________ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this ______ day of ____________________, 20__

________________________________________

Printed Name: __________________________________
Notary Public in and for the state of Washington
My appointment expires: ___________________________
I certify that I know or have satisfactory evidence that Olivia Yang is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it as the Interim Vice President for Finance & Administration of WASHINGTON STATE UNIVERSITY to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _________________, 20____

__________________________________________

Printed Name: _______________________________
Notary Public in and for the state of Washington
My appointment expires: ______________________
Exhibit A
Preliminary - final description to be inserted after survey is complete.

Property Description: College Plaza
Everett Community College, ground lease for Washington State University building

Brief description
Everett Community College is seeking approval to lease unimproved property on its main campus to Washington State University for construction of the Everett University Center.

How does this link to the system direction, mission study, and policy focus
The project will enhance our partnership with four-year institutions and increase access to post-secondary education in the state.

Background information and analysis
The 2015 Washington state legislature funded construction of the Everett University Center in state project 91000026. This project will construct a building on the Everett Community College campus. The college and university have developed a plan to mitigate the impacts of the project and share resources to benefit the students.

Under RCW 28B.50, the SBCTC holds title to the state-owned real property of the community and technical colleges. The State Board has delegated authority for ground leases associated with their previously-approved capital projects to the executive director; however, this project was not part of a State Board request, and, as such, is not covered by the delegation.

The ground lease in attachment A has been reviewed and approved by the Everett Community College Board of Trustees and the Office of the Attorney General. The college is seeking State Board approval for the ground lease.

Potential questions
Is this project consistent with the State Board’s goals to enhance our partnership with four-year institutions and increase access to post-secondary education in the state?

Recommendation/preferred result
Staff recommends approval of Resolution 15-09-43, giving the executive director authority to enter into a ground lease with Washington State University for the Everett University Center on behalf of Everett Community College.

Policy Manual change Yes ☐ No ☒

Prepared by: Wayne Doty, capital budget director
360-704-4382, wdoty@sbcctc.edu
A resolution relating to Everett Community College request for approval to lease unimproved property on their main campus to Washington State University for construction of the Everett University Center.

WHEREAS, the project will enhance our partnership with four-year institutions and increase access to post-secondary education in the state; and

WHEREAS, the college has developed a plan to mitigate the impacts of the project and share resources to benefit the students;

WHEREAS, the college’s board of trustees has reviewed the proposed lease and recommend its approval;

WHEREAS, the Office of the Attorney General has reviewed the proposed lease as to form and content;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes their executive director to enter into a ground lease with Washington State University for the Everett University Center on behalf of Everett Community College.

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 September 16, 2015.

ATTEST:

_______________________________  ________________________________  
Marty Brown, Secretary  Shaunta Hyde, Chair
2015-16 Resources to Initiate Successful Employment (RISE)

**Brief description**
RISE is a three-year pilot designed to enhance the State’s successful Basic Food Employment and Training (BFET) program. It will focus on how comprehensive case management and work-based learning can further move Basic Food recipients attending a community or technical college toward employment that will provide economic stability and self-sufficiency. North Seattle College and Highline College will be pioneering the pilot during 2015-16, with other colleges anticipating participation in 2016-17. RISE is a federally-funded program, contracted through the Department of Social and Health Services (DSHS).

**How does this link to the system direction, mission study and policy focus**
The RISE pilot will align with the system direction by successfully implementing its goals specific to student success and increasing access for underserved populations.

**Background information and analysis**
The State Board awards federal workforce training funds to the community and technical colleges to support programs operated for entry level training, skills upgrade or retraining for the state’s workforce. RISE addresses the system direction’s strategic objectives as described below:

**Resources to Initiate Successful Employment (RISE) – $350,000-425,000 (funding levels have not been finalized)**
Action authorizes 2015-16 funding to be awarded to Highline College, North Seattle College and the State Board for Community and Technical Colleges. These colleges will assist RISE participants in gaining the skills necessary for higher wages, better jobs and further advancement. The intent of the program is to expand access to training opportunities for specific populations of Basic Food recipients: veterans, long-term unemployed, limited English proficiency, homeless, and non-custodial parents in careers. Funds will provide resources to pay for comprehensive case management and work-based learning opportunities.

**Potential questions**
- What has been the general focus of federal funding to our system?
- How will the increased focus on workforce and economic development affect our mission?

**Recommendation/preferred result**
Staff recommends approval of Resolution 15-09-46, awarding the RISE program targeted funds to community and technical colleges for fiscal year 2015.

Policy Manual Change Yes ☐ No ☒

Prepared by: Mat Carlisle, program administrator, workforce education
360-704-4341, mcarlisle@sbctc.edu
State of Washington  
State Board for Community and Technical Colleges  
Resolution 15-09-46

A resolution allocating and awarding Resources to Initiate Successful Employment (RISE) funding to Highline College, North Seattle College and the State Board for Community and Technical Colleges.

WHEREAS, the State Board has the authority to allocate and award federal job training funds; and

WHEREAS, the specified community colleges have fulfilled the requirements set forth for Resources to Initiate Successful Employment; and

WHEREAS, each Resources to Initiate Successful Employment budget has gone through a state level review process and has been recommended by their advisory committee to the State Board for Community and Technical Colleges for funding;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges awards funding to Highline College, North Seattle College and the State Board for Community and Technical Colleges for FY2016 in the amounts determined as final.

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 September 16, 2015.

ATTEST:

_______________________________  
Marty Brown, Secretary

_______________________________  
Shaunta Hyde, Chair
2017 Allocation model update - Approval

**Brief description**
Since the fall of 2013, the presidents have been engaged in a process to update the methodology used to allocate annual state appropriations. The process has been conducted in two phases, the first of which ended in the spring of 2014, when the Washington Association of Community and Technical Colleges (WACTC) recommended to the State Board that the system shift to a more dynamic allocation model. At the June meeting, the State Board received the final recommendations from WACTC’s second year examination, reviewed the potential impacts, and provided feedback. At today’s meeting, the Board is asked to approve recommended methodology and process changes to the allocation model.

**How does this link to the system direction, mission study and policy focus**
The method employed to allocate the system’s state appropriation is a prime lever in the State Board’s ability to influence system direction and identify internal budget priorities. Updates to the allocation model methodology are opportunities to ensure State Board priorities are reflected in future district allocation outcomes.

**Background information and analysis**
For the last two years, the system has reviewed elements used in determining the allocation of state appropriations to college districts. The current allocation method, referred to as a *Base Plus* model, lacks flexibility in how resources are directed (or re-directed) from year to year. The lack of flexibility has led to inequities (e.g., continual over-enrollment) in allocation levels between districts that can’t easily be explained. The rising profile of these inequities in the system moved the presidents to begin an expansive examination of the allocation method in the fall of 2014. This analysis resulted in recommendations to move from the current *Base Plus* method to a more dynamic, responsive model.

At the June State Board Meeting, staff presented the final recommendations of the president’s two year examination. The purpose of this briefing is to outline the recommended changes to allocation and process for your consideration and approval through passage of Resolution 15-09-44. *Attachment A – Recommendations for 2017 Allocation Model Update* provides an overview of the recommended methodology.

The recommendation is for full model implementation beginning with fiscal year 2017. The current fiscal year (2016) will serve as a learning year for districts to plan for the model impacts.

**Potential questions**
Do the recommendations from WACTC concerning the allocation model variables and their levels align with State Board policies and principles?

**Recommendation/preferred result**
State Board will approve Resolution 15-09-44, authorizing the implementation of the new allocation model as described in Attachment A – Recommendation for 2017 Allocation Model Update.

Policy Manual change Yes ☐ No ☒
Prepared by: Nick Lutes, director operating budget
360-704-1023, nlutes@sbctc.edu
State of Washington
State Board for Community and Technical Colleges
Resolution 15-09-44

A resolution relating to the methodology used to allocation 2017 State Appropriations:

WHEREAS, the State Board has the statutory authority, as provided in RCW 28B.50.090, to establish the method for distributing state appropriations to the college districts in the state; and

WHEREAS, the current allocation methodology has been in place for fifteen years; and

WHEREAS, the current allocation froze in place base allocations to districts as they existed in FY 1999, with no attempt to rebase and correct inequities contained in the 15 year old formula allocation method being replaced; and

WHEREAS, current enrollment patterns at colleges throughout the state are not reflected in the current method used to allocate state appropriations;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges:

1. Authorizes the executive director to implement the Allocation Methodology as set forth in TAB 2, Attachment A – Recommendation for 2017 Allocation Model Update.

2. Authorizes the use of a four year phase-in of the new model initial impact in the following manner:

   i. The initial impact to be phased in will be the difference between FY 2017 appropriations under the old allocation method and the modeled outcome for FY 2017.

   ii. The impact will be divided by four, with the outcome to be applied to the total allocation outcomes generated by the model in each successive fiscal year, cumulatively, until the full amount of the initial change is included in the model education outcome.

   1. Full implementation will occur in FY 2020.

APPROVED AND ADOPTED on September 16, 2015.

ATTEST:

_________________________________  ____________________________________________
Marty Brown, secretary                Shaunta Hyde, chair
Recommendations for Allocation Model Update

1. The allocation of state appropriations to districts, needed to provide instructional services and other support services for their enrollment target, will be based on:
   a. A flat distribution as a base allocation for each college in a district as described in 2 below.
   b. The aggregation of calculations based on the district’s enrollment target, as described in 3 and 4 below.
   c. The aggregation of student performance distribution methods within a district, using the Student Achievement Initiative as the method of measuring performance.
      i. FIVE Percent of the annual state appropriation for community and technical colleges will be placed in a pool for allocation to districts based on the following distribution methods:
         1. Share of Total SAI Points (less completion points) (45%)
         2. Share of Total Completion Points (10%)
         3. Share of Aggregated Points per Student (45%)

2. Base Allocation/Small School Factor/Economies of Scale
   a. This will be referred to as the Minimum Operating Allocation (MOA).
   b. Each of the 34 colleges will receive $2.85 million annually.

3. Beginning with implementation year 2017, district allocated enrollment targets will be adjusted annually to provide the necessary distribution of state resources to provide instructional and other support services to meet state-wide educational demand.
   a. Each district will have a District Enrollment Allocation Base (DEAB)
      i. This base is equivalent to the total state enrollments allocated in FY 2016, less enrollment targets in identified earmarks or legislative provisos.
      ii. In years where actual enrollments in earmarked or provisoed programs exceed their allocated targets, the amount in excess will be included in the count of actual enrollment for purposes of establishing the DEAB in section b.
   b. The DEAB will be adjusted downward or upward based on the relationship of actual state enrollments to DEAB targets, using a three year rolling average of both sets of data.
      i. Districts whose actual state enrollments are below their DEAB target will have their target reduced to a level equal to the three year average of their actual enrollments.
         1. Target enrollments removed from under-enrolled districts are pooled for redistribution.
      ii. Districts whose actual enrollment are above their DEAB target will have their initial DEAB target set to a level equal to the three year average of their enrollment target.
         1. These districts are eligible to receive a share of the enrollments pooled in 3(b)i.
         2. Eligible district’s share of pool enrollments is based on each over-enrolled districts contribution (as a percentage) to the sum of over-enrollments in over-enrolled schools.
         3. The district share of the enrollment pool shall be added to an over-enrolled districts initial target set in 4(a)ii.

4. Within the amount provided to fund DEAB, districts will receive weighted per student funding for priority enrollments.
   a. Priority enrollment status isn’t a permanent designation and should be re-defined in the future as the system’s environment changes.
      i. The re-examine of priority enrollments will occur every four years.
   b. Beginning in FY 2017, priority will be defined as a district’s share of their enrollment target dedicated to:
      i. Basic Education for Adult
      ii. Applied Baccalaureates
iii. Science, Technology, Engineering and Math (STEM) course as reported to *Results Washington*

iv. Programs that lead to certificates in professions identified in the biennial *[Joint Skills Gap Report]*

c. The number of priority enrollments within a district’s enrollment target will be determined by calculating the share of the district previous year’s actual enrollments that were enrolled in priority courses identified in 4(b)i-iv (as a percent) and multiplying that percentage by the outcome of the DEAB target setting (identified in three above).

d. Enrollments identified in 4(c) will receive a per student funding amount 30% greater than non-weighted enrollments.