

STATE BOARD RETREAT AGENDA

The Heathman Lodge: 7801 NE Greenwood Dr, Vancouver, WA 98662 (General Howard Ballroom)

Regular Business Meeting: Wednesday, August 20, 2025 // 1 p.m. to 4:55 p.m.
Board Retreat: Thursday, August 21, 2025 // 8:30 a.m. to 3:30 p.m.

Board Members

Martin Valadez, Chair // Kady Titus, Vice Chair // Chelsea Mason-Placek // Mack Hogans // Ben Bagherpour // Jay Reich // Crystal Donner // Emily Yim // Bernal Baca

Nate Humphrey, Executive Director // Marianna Watson, Executive Assistant

Statutory Authority: Laws of 1991, Chapter 28B.50 Revised Code of Washington

Zoom link: <https://us02web.zoom.us/j/81082095322?pwd=Ejapjax8eY7vFJqi4g8WYUjB8YtDoE.1>

August 20 Regular Business Meeting

| Time | Item | Location/Activity |
|-----------|---|-------------------|
| 1 p.m. | Welcome and Board Member Introductions Martin Valadez, Chair | |
| 1:10 p.m. | Land and Labor Acknowledgement Chelsea Mason-Placek, Board Member | |
| 1:15 p.m. | Establish a Quorum and Adopt Meeting Agenda Martin Valadez, Chair | |
| 1:17 p.m. | Approval of Consent Agenda <ul style="list-style-type: none"> a. SBCTC Board Meeting Minutes – June 2025 b. Background on Retirement Savings Plans Sponsored by the State Board and Plan Language Updates for Compliance with SECURE Act 2.0 Resolution 25-08-30 c. Tacoma Community College – local capital expenditure authority for B2 Auditorium improvements Resolution 25-08-31 d. Bellevue College – local capital expenditure authority for Building B elevator refurbishment Resolution 25-08-32 e. Bellevue College – local capital expenditure authority for Building D HVAC replacement and roofing repairs Resolution 25-08-33 f. Bellevue College – local capital expenditure authority for D Building Roofing Resolution 25-08-34 g. Commendation of Earl Hale’s life and career in service to the community and technical colleges system Resolution 25-08-35 | Tab 1 (Action) |

| Time | Item | Location/Activity |
|-----------|---|---------------------|
| 1:20 p.m. | Public Comment | |
| 1:35 p.m. | Final Presentation of Allocation Model Recommendations Resolution 25-08-36 Stephanie Winner, Director, Operating Budget Ivan Harrell, President, Tacoma Community College Chad Hickox, President, Walla Walla Community College Carli Schiffner, President, Grays Harbor College | Action (Tab 2) |
| 2:35 p.m. | Discussion of SBCTC's Monitoring Report Ha Nguyen, Deputy Executive Director, Strategic Initiatives/Chief of Staff Choi Halladay, Deputy Executive Director, Business Operations | Discussion |
| 3:35 p.m. | Break | |
| 3:50 p.m. | ACT Report Wendy Bohlke, President | Discussion |
| 4:00 p.m. | WACTC Report Joyce Loveday, President | Discussion |
| 4:10 p.m. | System Unions Report Jacqui Cain, President, AFT Washington Suzanne Southerland, Coordinating Chair, WEA | Discussion |
| 4:20 p.m. | Executive Director Report Nate Humphrey, Executive Director | Discussion |
| 4:40 p.m. | Board Discussion and Chair's Report | Discussion |
| 4:55 p.m. | Adjournment Next meeting: October 15-16, 2025 (Location TBD) | |
| 5:45 p.m. | Dinner for State Board Members, Staff, and Invited Guests | Chief Comcomly Room |

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

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

August 21 Executive Retreat Session

| Time | Item | |
|-------------------|---|--------------------------------------|
| 8:30 a.m. | Welcome and Introductions | |
| 8:45 a.m. | Open Public Meetings Act (OPMA) Training Aileen Miller, Senior Council, Attorney General's Office | |
| 9:45 a.m. | Retreat Facilitation Mary Spilde, President Emerita, Lane Community College | |
| 10:45 a.m. | Break | |
| 11 a.m. | Retreat Facilitation Mary Spilde, President Emerita, Lane Community College | |
| 12 p.m. | Lunch | Fort Vancouver North Pre-Function |
| 1 p.m. | Retreat Facilitation Mary Spilde, President Emerita, Lane Community College | |
| 3:30 p.m. | Adjournment | |

STATE BOARD MEETING MINUTES

Martin Valadez, Chair // Kady Titus, Vice Chair // Chelsea Mason-Placek // Mack Hogans // Ben Bagherpour // Jay Reich // Crystal Donner // Emily Yim // Bernal Baca

Chris Bailey, Interim Executive Director // Marianna Watson, Executive Assistant

Statutory Authority: Laws of 1991, Chapter 28B.50 Revised Code of Washington

Study Session: Wednesday, June 11, 2025 // 1 p.m. to 5:05 p.m.

Regular Business Meeting: Thursday, June 12, 2025 // 8:30 a.m. to 12:30 p.m.

Centralia College: 600 Centralia College Blvd, Centralia, WA 98531 (TAC Building – Ballroom C)
Hybrid option via Zoom

State Board Members Present: Martin Valadez, Chelsea Mason-Placek, Jay Reich, Ben Bagherpour, Crystal Donner, Mack Hogans, Emily Yim (June 11), Kady Titus

State Board Members Absent: Bernal Baca, Emily Yim (June 12)

Study session

The State Board held a study session on June 11 from 1 p.m. to 4:55 p.m. The board heard an update on the agency's monitoring report, the legislative session, and allocations and awards for Workforce and Basic Education for Adults for 2025-2026. The board was also presented with a final update on the affordable student housing study. Discussion revolved mainly around financial metrics and trends, policy outcomes, and uncertainty surrounding the future of federal funding.

Welcome and board member introductions

Chair Valadez called the meeting to order at 1 p.m. and welcomed those present. He also asked the board members to introduce themselves.

Land and labor acknowledgement

Board Member Jay Reich read the Land and Labor Acknowledgement.

Presentation of strategic plan monitoring report of goal 4: institutional financial health

Choi Halladay, deputy executive director for business operations, and Ha Nguyen, deputy executive director for strategic initiatives and chief of staff, gave a presentation to the board on Goal 4 of the Strategic Plan Monitoring Report: Institutional Financial Health. It aims to ensure financial sustainability and resiliency for Washington's community and technical college system. Some of the key efforts discussed include legislative advocacy, revising the allocation model, implementing fiscal health metrics, and creating a fiscal monitoring calendar. These fiscal health measures will track trends in operating margins, reserves, debt ratios, and tuition revenue per full-time student to assess institutional stability.

Ha Nguyen and Choi Halladay discussed some of the work already being done in pursuit of Goal 4's objectives and outcomes, including advocacy work from the legislative department and conducting studies within the system to recommend changes to the allocation to better serve the agency's students and communities. They also brought forth the lessons learned while further analyzing the fiscal stability of the colleges and system, such as the high turnover rate within college business offices and the general operating revenues of colleges not keeping up with inflation.

The board asked several questions during the presentation. Board member Emily Yim raised concerns about accountability and communication regarding colleges' budget strategies. Mack Hogans presented a similar question, asking what responsibility the agency has specifically to ensure that the colleges aren't caught off guard by financial issues. Other members of the board explained that while SBCTC lacks direct oversight of colleges' fiduciary activities, they work closely with presidents and fiscal staff through advice and resources.

The discussion concluded with plans to improve data reporting consistency across colleges, develop internal training programs to address staffing shortages, and create a cadre of temporary employees to support colleges during staff transitions.

Legislative session update

Arlen Harris, legislative director, and Will Durden, director for adult basic education, discussed the legislative priority development for the 2025-2027 biennium and impacts felt on adult basic education programs by recent policy changes at the federal level. They also talked about the outcomes of recent policy bills, including expansions in college board eligibility, tuition waivers, and customized training programs.

The Washington College Grant was codified to provide full funding for community and technical college students at 60% of median family income, though this negatively impacted independent college students. Despite facing a \$13 billion deficit, the agency secured new investments, including \$340,000 for student outreach programs and funding for a CTE dual credit pilot. However, several programs were cut, including the Hospitality Center of Excellence and a 50% reduction in cyber security funding that will limit student enrollment capacity. There was also an end to the CDL training program.

Federal level issues were discussed, specifically the "Big Beautiful Bill." It proposes changes to Pell Grant eligibility, eliminates subsidized student loans and the federal work study program, and cuts other programs like TRIO, Basic Education for Adults, and workforce training, all of which would have tremendous impacts on the community and technical college system. There are ongoing advocacy efforts, including meetings with members of the legislature and participating in trustee advocacy days. The agency will continue to monitor news at the federal level and strategize how to best navigate all possible outcomes.

Final update on affordable student housing study

Darrell Jennings, capital budget director, and Laura Coughlan, program administrator for student services, presented the board with a final update on the affordable student housing study. They were joined by two representatives from ECONorthwest, the policy research firm through which the study itself was conducted. It analyzed rental markets, housing needs, and costs across 34 campuses,

with input from a 15-member task force. Overall, the study yielded four major findings.

First, the need for housing is widespread but varies in intensity and form. Presently, 38% of community and technical college students are experiencing housing insecurity, with students from every campus couch-surfing, car living, living in shelters, and/or being in unsafe environments. The second finding is that local rental markets are a major barrier to stability. There is a high rate of renter cost burden on all submarkets polled in the study. While students with higher needs can only afford \$400-\$1,000 per month in rent, current market rates range up to \$2,000 per month. Third, while some campuses may have viable land, few are prepared to move forward with building plans. Some land is also already designated for potential academic uses or infrastructure, such as utilities and bike and pedestrian access. Lastly, overall affordability is not financially feasible without support from the state.

Recommendations from the study were also presented to the board, such as coordinating cross-college partnerships for shared land or housing opportunities, administering and coordinating funding programs, and supporting the colleges with technical assistance, data tools, and pre-development guidance.

While the Board expressed appreciation about the thoroughness of the study, they also voiced concerns about financial implications of such a project in the current economic climate of the state and its limited funding sources, saying that it did not seem viable. It may need to be revisited at a different time with different constraints. The presenters agreed, noting that the housing study was passed in 2024 before these economic limitations came about.

2025-2026 workforce education awards and allocations

Marie Bruin, director of workforce education, reviewed with the board the awards and allocations for 2025-2026. Focus fell on four specific programs:

- Carl D. Perkins Grant
- Early Achievers Grant
- Basic Food Employment and Training
- WorkFirst

The Carl D. Perkins federal grant provides workforce programs with an emphasis on accountability, innovation, secondary to post-secondary pathways, coordination with business and industry, and decreasing equity gaps for underserved populations. The funding amount for 2025-2026 is \$13,919,468.

The Early Achievers Grant (EAG) is a student financial aid program that helps employed childcare providers and early learning professionals complete certificates and associate degrees in early childhood education (ECE). Licensing rules require childcare providers to attain postsecondary ECE credentials (college and non-college pathways are available). All 27 colleges offer stackable certificates and degrees that meet licensing and staff qualification requirements. Programs are offered in remote, hybrid, and in-person modalities. The funding amount for 2025-2026 is \$7,139,164.

WorkFirst provides education and training, work-based learning, student supports, and wrap-around case management to students receiving Temporary Assistance for Needy Families (TANF). Partners for this program include the Office of Financial Management and the Department of Children, Youth, and Families. The funding amount for 2025-2026 is \$16,418,000.

Basic Food Employment and Training (BFET) provides Basic Food recipients with access to educational options and support services to gain skills for higher wages, better jobs, and further advancement. Eligible reimbursable expenses include tuition, books, fees, and support services such as housing, transportation, childcare, and supplies. The funding amount for 2025-2026 is \$15,811,242.

Considerations of fiscal year 2026 Basic Education for Adults federal awards

Will Durden, director for Basic Adult Education, presented the board with recommendations on how to distribute the program's 2025-2026 federal awards. The distributions to 32 college districts and 4 community-based organizations are based on the fourth year of awards resulting from the 2022-2027 open and competitive application process.

Approved applications detail each program's alignment with their local workforce development board's plan, including progress and planning toward meeting proposed levels of service, demonstrated effectiveness and planning toward meeting federal performance indicators, and progress toward integration within Guided Pathways. Colleges and community-based organizations provide assurance of specific program improvements and innovations that reflect their own data and validated research.

Funds are received by the SBCTC through a formula grant authorized by the Adult Education and Family Literacy Act (AEFLA), Title II of the Workforce Innovation and Opportunity Act (WIOA.) SBCTC distributes funds to each approved program through subgrants of a pro-rata share among providers based on the following formula:

- 50% enrollment
- 50% performance-based
 - 10% transitions
 - 20% total Student Achievement points
 - 20% SAI points per student

This funding formula is designed to prioritize and balance two key principles WIOA sets out for adult education programs: level of service (enrollments) and level of performance. Programs are required to provide a 25% match of the funds they receive through the subgrant.

After hearing the presentation on BEdA funding, there was discussion about the uncertainty of future federal funding, noting that colleges will need to become innovative in responding to potential cuts. The board also heard about the integration of AI in workforce training and the importance of maintaining human connections in adult education.

Adjournment

Board Chair Valadez adjourned the study session at 4:47 p.m.

Regular Business Meeting

The State Board held a regular business meeting on June 12 from 8:30 a.m. to 12:30 p.m. Members had reviewed the fiscal year 2026 operating budget allocation, capital budget requests, and evaluated plans for board and executive director assessments. They also formally recognized Bob Tjossem for his years of service and financial contributions to the community and technical college system.

Welcome and introductions

Chair Valadez called the meeting to order at 8:30 a.m. and welcomed those present. He asked members of the board to introduce themselves.

Before proceeding, Chair Valadez requested a vote on an amended agenda, which pushed consent agenda items to after discussion of the 2025-2027 capital budget.

Motion: Moved by Board Member Jay Reich, seconded by Mack Hogans, and approved by the board, the adoption of the agenda as amended.

Recognition of accomplishments and service for Bob Tjossem

Eric Murray, president of Cascadia College, introduced Bob Tjossem to the group and recognized him for his many contributions to the community and technical college system since its inception in the 1960s. He played many significant roles during his career, including creating the governance system, founding Cascadia College, and providing continued financial support to the institutions. A resolution was presented to formally commend Bob Tjossem for the magnitude of his work, and he expressed gratitude for the recognition.

Public comments

- Sarah Schadler, Peninsula College
- Megan Haan, Shoreline Community College
- Jacqui Cain, ATF Washington
- Audrey Bauer, Shoreline Community College

Election of 2025-26 state board chair and vice chair

Board member Ben Bagherpour, chair of the nominating committee, motioned for Chair Valadez and Vice Chair Kady Titus to continue their current leadership roles for the board in 2025-2026.

Motion: Moved by Board Member Ben Bagherpour, seconded by Board Member Mack Hogans, unanimous passing by the board, the election of the 2025-2026 state board chair and vice chair.

Considerations of fiscal year 2026 operating budget and enrollment allocations

Stephanie Winner, operating budget director, presented the operating budget allocation for fiscal year 2026. RCW 28B.50.090 authorizes the state board to receive state funds for the system and to establish guidelines for the disbursement of funds to college districts. Each year the state board adopts an annual allocation to the districts before July 1, the start of the fiscal year.

Most funds are distributed according to an allocation model that was first implemented in 2016. The key elements and funding drivers of the model include:

- Five percent for performance funding: measured by the Student Achievement Initiative
- Priority enrollments: four categories of student FTE receive an additional 0.3 weight for funding purposes. The four categories include students enrolled in: Basic Education for Adults; Science, Technology, Engineering, or Math (STEM) courses; upper division applied baccalaureate courses; and courses addressing the mid-level “skills gap” as identified by the Workforce Training and Education Coordinating Board.
- A minimum operating allocation to each college of \$2.85 million
- Base enrollment targets: calculated by district based on a three-year rolling average of actual enrollments

Any funds held outside the allocation model are known as safe harbor: Those include:

- Legislative proviso: language in the budget bill that places conditions and limitations on the use of appropriations
- Earmarks of the state board: funds identified by the state board for specific purposes
 - Annual budget increases for compensation and facilities are held in safe harbor for four years. After four years, the first year of increases is distributed through the allocation model and another year of increases enters safe harbor.
 - Program- or population-specific funds identified by the state board, such as opportunity grant funding.

The 2026 allocation distributes approximately \$1.2 billion, a 1.37% reduction from the previous fiscal year. This reduction includes a 0.5% decrease in general fund support and the resolution of the duplicated funding error carried over from the 2023-2025 biennium.

To enhance institutional flexibility, the Legislature has eliminated several provisos while preserving the associated funding within the system’s base appropriations. As a result, a larger portion of funding will be distributed through the allocation model, with fewer earmarked for specific purposes.

2025-2027 capital budget allocations and future capital requests

Darrell Jennings, capital budget director, presented the board with the 2025-2027 capital budget

allocation and future capital requests, highlighting three specific budgets: the current one being implemented, the one taking effect after June 30, 2025, and proposed future budgets.

During the 2023–25 biennium, the Legislature appropriated \$448 million in new state funding to the State Board through the biennial budget, along with an additional \$30.8 million in the 2024 supplemental budget, bringing the total to \$478.8 million for the biennium. In addition, the Legislature reappropriated \$311 million in state funds to continue in-progress work from the 2021–2023 biennium. In addition to state funded projects, colleges initiated another 235 projects with \$112.7 million in local college funding as of May 27, 2025.

Requests for the 2025 supplemental budget were also discussed, highlighting the enacted 2025–2027 capital budget underfunded the system-level requests for minor works by \$16.7 million. The budget also failed to provide construction funding for six major projects that had previously received design funding, as well as one project requiring both design and construction funding. Delays between design and construction phases increase project costs, not only due to inflation, but also due to evolving building codes and requirements that may necessitate redesign. These funding gaps also introduce additional complexity into project management and delivery.

At the time of this meeting, staff are working with WACTC to develop and refine the budget priorities for the 2026 supplemental request. They are considering requests related to energy conservation and decarbonization work. For future budgets, the agency is already assessing building repair needs and prioritizing projects in their capital pipeline. Agency supplemental budget requests will be due to the Office of Financial Management in mid- September.

Board Member Mack Hogans moved approval for Resolution 25-06-29, which allocates funding appropriated by the Legislature in the 2025-2027 capital budget to colleges and directs staff to prepare a request for the 2026 supplemental capital budget.

Motion: Moved by Board Member Mack Hogans, seconded by Board Member Jay Reich, unanimous passing by the board, approval of Resolution 25-06-29.

Approval of consent agenda

Chair Valadez requested a vote to approve the consent agenda as is.

- SBCTC Board Meeting Minutes – April 2025
- Recognition of Bob Tjossem’s Accomplishments and Service in Higher Education for the State of Washington
Resolution 25-06-20
- Centralia College – Increase local capital expenditure authority for multi-purpose field complex
Resolution 25-06-21
- Lake Washington Institute of Technology – Increase local capital expenditure authority of Early Learning Center construction
Resolution 25-06-22

- 2026-27 Corrections Education Interagency Contract
Resolution 25-06-23
- Policy Manual Additions
Resolution 26-06-24
- 2025-26 Workforce Education awards and allocations
Resolution 25-06-25
- Consideration of fiscal year 2026 Basic Education for Adults Federal Awards
Resolution 25-06-26
- Washington Consortium for Undergraduate Research and Equity (WA CURE) – National Science Foundation Grant
Resolution 25-06-27

Motion: Moved by Board Member Bagherpour, seconded by Board Member Mack Hogans, and unanimously approved by the board, the adoption of the June 12, 2025, consent agenda.

Evaluation committee report

Board Member Crystal Donner presented the report with Julie Huss, director of human resources. Plans were outlined for both board and executive director evaluations. For the board, they will distribute a survey in July to prepare for the August board retreat, focusing on topics like governance, board-CEO relationship, and meeting structure. For the executive director, they proposed quarterly check-ins for the first year, with a comprehensive evaluation at the 12-month mark, including internal and external stakeholder feedback. The committee also discussed onboarding new board members and setting up a dedicated committee to address this.

ACT report

Wendy Bohlke, ACT President, expressed excitement over her newly elected position. She highlighted the exceptional leadership of Bertha Ortega and praised the collective wisdom and innovative spirit displayed at the ACT spring conference in Spokane. She specifically praised Board Chair Martin Valadez, Interim Executive Director Chris Bailey, and Board Member Emily Yim for their work done during the conference. Wendy introduced the newly elected board members, emphasizing their diverse perspectives and commitment to leading with integrity. She also thanked the state board staff for their responsiveness and support, particularly in the areas of legislation, communication, and finance.

WACTC report

Joyce Loveday, WACTC president-elect, presented the report on behalf of current WACTC president Amy Morrison, who could not attend due to a conflict with Lake Washington Institute of Technology's commencement. She recognized all the hard work being done by state board staff as they navigate a constantly changing federal landscape and strive to keep the colleges as informed as possible in real time. They are very responsive and always available to answer questions and concerns. She went on to more specifically thank SBCTC agency staff, such as Arlen Harris, legislative director, and Sam

Herriot, government relations liaison, for their legislative and advocacy work, Stephanie Winner, operating budget director, and Choi Hallady, deputy executive director for business operations, for their work on the allocation model and budget matters, and Chris Bailey, interim executive director, for his leadership of the agency during this time. She thanked Aileen Miller from the attorney general's office for her legal counsel and support in this current administration. She also relayed gratitude for constant communication between WACTC and Board Chair Martin Valadez.

System unions report

Karen Strickland, outgoing president of ATF Washington, recalled her career and tenure with the organization to the board. She expressed concern about the ongoing budget crisis affecting community colleges and their students. Classes are being cut, leading to contingent faculty layoffs and disrupting student learning. She called for state leaders to address the basic needs of colleges to achieve student success and a thriving workforce.

Sue Nightingale, coordinating chair at WEA, thanked Karen Strickland for her years of service and collaboration. She stated that she more fully understands the allocation model now and is pleased with the move of Guided Pathways money to earmarked funds and moving other funds to safe harbor for four years. She expressed concerns about WEA funding moving forward, highlighting the maintenance of legislative trust when using funds for different purposes than initially intended. She also thanked the state board staff for their continued support and willingness to answer questions as they arise.

Executive director report

Chris Bailey, interim executive director, reviewed the agency's accomplishments over the past 6.5 months, including stabilizing the agency, improving communication, and working on legislative and policy matters. He highlighted enrollment increases, successful RFPs for student success software, and the implementation of monitoring reports. Chris also discussed future goals, including advocating against federal funding cuts, working with the governor and legislature, and expanding external funding opportunities. He thanked the state board staff for their work and dedication to the community and technical college system.

Members of the board took time to thank Chris Bailey for his months of service to the agency.

Board discussion and chair's report

The board discussed ongoing work and recent events, including the Government-to-Government Summit and ACT spring conference. They acknowledged the successful legislative session and looked forward to future retreats. The board also addressed financial reporting protocols and thresholds, considering the establishment of a subcommittee to review these issues.

Adjournment/next meeting

Chair Valadez adjourned the April 10, 2025 regular business meeting at 11:26 a.m. and called for an executive session to begin for 30 minutes to discuss potential litigation with counsel. No final action to be taken in executive session. The next State Board meeting will be August 20-21, location still to be determined.

At the conclusion of the executive session, Mack Hogans motioned for Julie Huss, human resource director, to represent the agency during mediation and seek to resolve the case.

Motion: Moved by Board Member Mack Hogans, seconded by Board Member Jay Reich, unanimously passed by the board.

Board Chair Valadez adjourned the meeting at 12:02 p.m.

Attest

Chris Bailey, interim secretary

Martin Valadez, chair

CONSENT ITEM (RESOLUTION 25-08-30)

August 20, 2025

Tab 1

Background on Retirement Savings Plans Sponsored by the State Board and Plan Language Updates for Compliance with SECURE Act 2.0

Brief Description

State law provides authority for state public higher education institutions to sponsor retirement savings programs. With that statutory authority, the State Board sponsors four retirement savings plans that have combined assets of over \$4.3 billion and over 22,000 participants. Below is information on the State Board's role as a sponsor, the operation of the plans, and the role of the Plan Administrator.

Securing a Strong Retirement Account Act 2.0 (herein "SECURE Act") is requiring changes to plan language to comply with IRS regulations and requirements. Specifically, language in our plan related to hardship withdrawals under section 602 of the SECURE Act require updating for compliance. SECURE Act has many permissive provisions but does have a few mandatory provisions for those plans that offer the particular provisions (i.e. hardship withdrawals).

The SECURE Act builds upon the original SECURE Act of 2019 and was passed as part of a larger omnibus spending package. Its primary goal is to improve the retirement savings landscape for American workers and to encourage more individuals to save for retirement. Key provisions of the act are set to take effect in 2025 and beyond.

How does this item link to the State Board's Strategic Plan?

The retirement plans sponsored by the State Board are an important part of the total compensation package offered to attract and retain faculty and exempt employees. They have been structured to help colleges recruit and retain a high-quality workforce through offering a portable plan common in higher education with a very competitive contribution schedule. A competitive and compliant retirement savings plan helps attract and retain the employees needed to help students succeed.

Background information and analysis

State law provides the State Board with authority to sponsor retirement savings plans for employees of the community and technical college system. With that authority, the State Board sponsors an active and closed retirement plan for faculty, exempt administrative and professional employees; a voluntary retirement savings plan that is open to all employees and a supplemental retirement plan intended to ensure eligible participants receive at least a minimal benefit. To govern and operate these plans, the State Board has adopted and amended plan documents establishing the general policies governing each retirement plan, approved the available investment options and contracted with Teachers Insurance Annuity Association (TIAA) for recordkeeping and benefit administration services.

The State Board Retirement Plan (SBRP) was initially offered in 1970 to faculty and employees exempt from the civil service system. Numerous amendments have been adopted over the plan's

55-year history, to address changing system needs and changes in state and federal regulations. Effective January 1, 1998, the State Board changed the SBRP from a 403(b) plan to a 403(a) plan, allowing participants to voluntarily defer more income for retirement. Under IRS regulations, this required closing the existing plan to new contributions and setting up a new plan with new accounts for existing participants. Since 2006 the SBRP has been a 401(a) qualified defined contribution retirement plan.¹ “Qualified” means that the IRS has reviewed the plan terms in advance and determined that contributions and earnings are tax deferred. “Defined” means that the contribution amounts are fixed, with the benefits dependent upon accumulations at the time of retirement. The State Board requested and received Favorable Determination letters from the IRS in 1998, 2011 and 2017.²

The SBRP is governed through a Plan Document, last reviewed and adopted by the State Board in October 2015. The Plan Document is the primary governing instrument of our plan and addresses a mix of IRS regulation, state law and State Board policies. Plan changes have not been made since that time. Mandatory provisions of SECURE Act necessitate certain plan updates. The following information briefly summarizes several of the primary policy components set by the State Board:

- Eligibility is limited to system³ faculty and exempt administrative and professional employees assigned to work at least half-time for two consecutive quarters or six months. Employees meeting the eligibility criteria may choose to participate in the SBRP or become a member of Public Employee or Teachers retirement systems. Once SBRP eligibility is established, it is maintained as long as the participant is continuously employed with an eligible employer.
- Participant contributions are fixed and based upon age: 5 percent of salary through age 34; 7.5 percent of salary for participants’ age 35 through 49; and 10 percent of salary for those age 50 and older. These amounts are matched, dollar-for-dollar, by the employer. As allowed by IRS regulations, participants can roll over retirement savings from other employer plans into the SBRP.
- There are 29 investment options available to participants that address a variety of market sectors and investment styles. Allocation of contributions and accumulations to the investment options are self-directed by each participant. Participants who fail to make a choice are defaulted into a target-date fund closest to their projected retirement date.
- Distribution of Plan accumulations may occur at retirement, 90-days after separation, for limited hardship reasons or through participation in the “phased retirement program.” Through mutual agreement, the phased retirement program allows participants to continue working in a reduced capacity and receive “in-service distributions” from their retirement plan savings.

¹ Changing to a 401(a) plan allowed for mutual fund investment options to be included in the plan.

² A Favorable Determination letter means that the IRS has reviewed the plan terms and determined that the plan complies with the Internal Revenue Codes. Receiving a Favorable Determination letter provides confidence that plan contributions are tax deferred.

³ As an additional tool to recruit prospective employees from higher education, the Legislature authorized the Higher Education Coordinating Board (HECB) to offer a retirement savings plan in 2010. Rather than sponsor its own plan, the HECB requested the State Board to extend its plan to their eligible employees. The State Board agreed to the request and extended the SBRP to the HECB in 2011. This arrangement continues for the Washington Student Achievement Council.

The State Board Supplemental Benefit Plan is a unique component of Washington State's public higher education retirement plans, including the SBRP. In providing this feature, the Legislature established a "safety net" for eligible higher education retirement plan participants that, through a calculation, ensures participants receive at least a minimal benefit for their state service. For most participants, their retirement plan benefit exceeds the minimum threshold established by the Legislature.

Through 2015, supplemental benefits were provided through provisions within the SBRP Plan Document. Based upon IRS guidance, the supplemental benefit provisions were moved into separate plans, effective January 1, 2016. The plan was reviewed by the IRS and received a Favorable Determination Letter in June 2017.

The Supplemental Benefit Plan is a defined benefit plan, meaning that the benefit amount, if any, is determined by formula and not by account accumulations. Initiated at retirement, the calculation:

- Includes years of service and highest average salary to establish a "retirement income goal;" and,
- Relies upon data and TIAA actuaries to set an "assumed retirement income."

In general, the State Board pays the positive difference between a participant's retirement income goal and his or her assumed retirement income. Participants do not make contributions to this plan.

The benefits paid to eligible retirees are paid from the system operating budget. Due to the growing fiscal liability for all the higher education retirement plans, the 2011 Legislature closed these "supplemental" plans to participants hired after June 30, 2011 and required institutions to begin pre-funding the benefits through contributing .5 percent of salary into a supplemental benefit fund. Until a sufficient reserve is built, the higher education plan sponsors, including the State Board, continue to pay these benefits from operating funds.

The State Board – Voluntary Investment Program (SBVIP) is a 403(b) public employer sponsored retirement savings program governed by a Plan Document adopted by the Board in October 2007. The plan is funded primarily through employee pre-tax contributions (An after-tax Roth feature was added in 2008). Participation is allowed by all regularly scheduled system employees. Participants of the SBVIP have access to the same 29 investment options available to SBRP participants. The SBVIP has approximately 5,000 participants and just under \$700 million in assets.

Administration. The Director of Human Resources has been identified as the Plan Administrator for each of the plans sponsored by the State Board. The Plan Administrator is responsible for the day-to-day operation of each plan. This includes the authority to interpret and apply the provisions of the plans, contract with advisors, make technical corrections to Plan Documents and be the final arbiter of any disputes.

Local administration has been delegated to each employer participating in the plans (the 30 college districts, the State Board and WASAC). Both the Plan Administrator and the record keeper provide training opportunities and have developed documents to support local administration. Documents have also been developed and provided that explain plan features to participants. Participants receive quarterly statements from the record keeper and may access account information on-line at

any time. The record keeper also provides investment advice and retirement planning information through the phone, on-line or in-person group or individual counseling sessions.

Investment Fund Updates. Providing a diversified, low-cost array of investment options is considered the best strategy for providing employees at all risk tolerance levels the ability to invest long-term and generate lifetime income. The investment menu was updated in 2024 and is applicable to SBRP and SBVIP participants. With assistance from the record keeper, an investment advisor, and an investment review committee, participation rates and performance for each investment option in the plan menu is typically reviewed twice each year. The last major change to the menu was made in July 2024 after consultation with the above. There were approximately 38 fund choices at the time of review. The average plan of this size has 29 fund choices. Part of the consideration during the investment review process was to streamline options, simplify choices, and eliminate some of the administrative costs. Fund choices were crosswalked into like options. Participants had the option to automatically have fund choices crosswalk into the new option choices or make individualized changes. A series of seminars were held by TIAA and consultants from TIAA were also available to meet individually with participants.

Plan Language Updates

Current Plan Language Related to Hardship Withdrawals. One of the provisions in the SBRP is related to the ability of participants to make a hardship withdrawal from their funds. The current language reads:

6.8 ADVANCE DISTRIBUTION FOR HARDSHIP

(a) In the event of a Participant's financial hardship, as such term is described herein, a Participant shall have a right to withdraw from his or her Account an amount up to the lesser of the Account balance or the amount necessary to satisfy the immediate and heavy financial need of the Participant; provided, however, such a withdrawal shall be limited to the Participant's Deferred Compensation and any income allocable thereto credited to the Participant's Account prior to December 31, 1988. Withdrawal under this Section shall be authorized only if the distribution is as a result of:

- (1) Expenses for (or necessary to obtain) medical care that would be deductible under Code Section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income) incurred by the Participant, his or her spouse, children, or dependents;
- (2) The need to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage of the Participant's principal residence; or
- (3) The need to prevent the bankruptcy of the Participant

(b) No distribution shall be made pursuant to this Section unless the Participating Employer and Benefit Administrator, based upon the Participant's representation and such other facts as are known to the Participating Employer, determine that all of the following conditions are satisfied:

- (1) The distribution is not in excess of the amount of the immediate and heavy financial need of the Participant, where the amount of the immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from such distribution;
 - (2) The Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans maintained by the Participating Employer; and
 - (3) The Plan, and all other plans maintained by the Participating Employer, provide that the Participant's elective deferrals to any other retirement plans (including, by way of example, programs under Code Section 403(b) or 457) will be suspended for at least six months after receipt of the hardship distribution.
- (c) Any distribution made pursuant to this paragraph shall be deemed to be made as of the first day of the Plan Year or, if later, the Valuation Date immediately preceding the date of distribution, and the Participant's Account shall be adjusted accordingly.
- (d) Any distribution made pursuant to this Section 6.8 shall be subject to the consent of the Participant's spouse, if any, and shall be paid as a single distribution.
- (e) The Participant shall be deemed to have no other resources reasonably available to meet the need if the Participant certifies that he or she cannot meet the need through:
- (1) Reimbursement or compensation by insurance or another source;
 - (2) Reasonable liquidation of assets;
 - (3) Borrowing from supplemental retirement accounts, life insurance values, or commercial sources; and/or
 - (4) Stopping any voluntary employee contributions to tax deferral or savings plans made available to by the employer, provided however that mandatory employee contributions to the Plan must continue while the Participant remains eligible for the Plan.

The current plan language is compliant with the updates to Secure Act 2.0 with the one exception: Section 6.8(b)(3) of the current [State Board Retirement Plan document](#). The current language of Section 6.8 already includes the allowable reasons for hardship withdrawals, self-certification for the reason, and limits the amount needed to address the hardship. To comply with the SECURE Act, the updated language no longer requires participants to suspend voluntary contributions for six months after a hardship. Although TIAA, as the record keeper, has been adhering to the required language changes, we need our plan language to officially reflect the changes required by Federal Law.

Replacing the language of Section 6.8(b)3 in its entirety to the below would put the provision in compliance with the new SECURE Act provisions:

The plan, and all other plans maintained by the Participating Employer, will not trigger a suspension of elective deferrals. If a participant received a hardship distribution prior to

August 20, 2025, and therefore elective deferrals were suspended, the participant will be able to resume deferrals as soon as practical after August 20, 2025.

Staff Recommendation/Preferred Result

The Board will have a basic understanding of the structure and governance of the retirement plan it sponsors. The Board will approve the update to the hardship language to be compliant with Secure Act 2.0 Changes. This language will replace the current language 6.8(b)(3) with the above language which no longer requires participants to suspend elective deferrals after a hardship withdrawal.

Policy Manual Change Yes ☐ No ☒

Prepared by: Julie Huss, director, human resources
jhuss@sbctc.edu

STATE OF WASHINGTON STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-30

A resolution relating to the State Board Retirement Plan.

WHEREAS, state law provides authority for state public higher education institutions to sponsor retirement savings programs; and

WHEREAS, state law provides the State Board with authority to sponsor retirement savings plans for employees of the community and technical college system; and

WHEREAS, securing a Strong Retirement Account Act 2.0 (herein “SECURE Act”) requires changes to plan language to comply with IRS regulations and requirements under SECURE Act;

THEREFORE BE IT RESOLVED, the SECURE Act no longer requires participants to suspend voluntary contributions for six months after a hardship withdrawal

THEREFORE BE IT FURTHER RESOLVED, the State Board for Community and Technical Colleges authorizes the Executive director to update language in the State Board Retirement Plan document to comply with the requirements of SECURE Act 2.0 related to hardship distributions within the plan.

APPROVED AND ADOPTED on August 20, 2025

Attest

Nate Humphrey, secretary

Martin Valadez, chair

CONSENT ITEM (RESOLUTION 25-08-31)

August 20, 2025

Tab 1

Tacoma Community College – local capital expenditure authority for B2 Auditorium Improvements

Brief Description

Tacoma Community College seeks approval to spend up to \$1,015,000 in local reserve funds to complete improvements and repairs to the B2 Auditorium (UFI# A08257). This project will provide an improved and fit-for-purpose auditorium space for classes and other events, supporting the college's instructional and community engagement needs.

How does this item link to the State Board's Strategic Plan?

This project supports student success by providing modern and relevant facilities and increasing access and retention to populations who can benefit most from college.

Background information and analysis

Tacoma Community College has identified the need to improve and repair the B2 Auditorium to ensure it meets instructional and event-related needs. The project will enhance the functionality, comfort, and usability of the space, which is used for classes, presentations, and campus events. Improvements will address aging infrastructure and ensure the facility is fit for purpose.

The Board of Trustees approved the use of \$1,015,000 in college reserve funds for this project on December 11, 2024.

Recommendation/preferred result

Staff recommends approval of Resolution 25-08-31 granting Tacoma Community College the authority to spend up to \$1,015,000 in local reserve funds for improvements and repairs to the B2 Auditorium (UFI# A08257).

Policy Manual Change Yes ☐ No ☒

Prepared by: Darrell Jennings

360-704-4382, djennings@sbctc.edu

STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-31

A resolution relating to improvements and repairs to the B2 Auditorium (UFI# A08257) at Tacoma Community College, authorizing the college to spend up to \$1,015,000 in local reserve funds to complete the project.

WHEREAS, pursuant to RCW 28B.50 and State Board policy, 6.20 the State Board any expenditure of capital funds, any expenditure for a capital purpose, and each capital improvement project affecting educational facilities, must be approved by the State Board; and

WHEREAS, Tacoma Community College has identified the need to complete improvements and repairs to the B2 Auditorium to ensure it is fit for instructional and event use; and

WHEREAS, this project supports accessibility, functionality, and learning, aligning with the college's Core Theme 2 – Cultivate Exceptional Learning; and

WHEREAS, Community College's Board of Trustees authorized up to \$1,015,000 in local reserve funds to fund the project on December 11, 2024;

THEREFORE, BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Tacoma Community College to spend up to \$1,015,000 in local reserve funds for improvements and repairs to the B2 Auditorium (UFI# A08257).

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 (08/20/2025)

Attest

Nate Humphrey, secretary

Martin Valadez, chair

CONSENT ITEM (RESOLUTION 25-08-32)

August 20, 2025

Tab 1

Bellevue College – local capital expenditure authority for B Building Elevator Refurbishment

Brief Description

Bellevue College seeks approval to spend up to \$1,000,000 in local funds to complete maintenance and refurbishment of the elevator in the B Building (UFI# A08542). This project will ensure the reliability and continuity of elevator operations, supporting accessibility and safety for students, staff, and visitors.

How does this item link to the State Board's Strategic Plan?

This project supports enrollments and student success by providing modern and relevant facilities.

Background information and analysis

Bellevue College has identified the need to refurbish the elevator in the B Building to ensure continued safe and reliable service. The elevator is a critical component of the building's infrastructure, supporting daily access for individuals with mobility needs and facilitating efficient movement throughout the facility. The project scope includes mechanical and electrical upgrades, safety system improvements, and modernization of elevator controls.

The college president approved the local capital expenditure of \$1,000,000 on July 31, 2025.

Recommendation/preferred result

Staff recommends approval of Resolution 25-08-32 granting Bellevue College the authority to spend up to \$1,000,000 in local funds for the maintenance and refurbishment of the B Building (UFI# A08542) elevator.

Policy Manual Change Yes ☐ No ☒

Prepared by: Darrell Jennings

360-704-4382, djennings@sbctc.edu

STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-32

A resolution relating to the maintenance and refurbishment of the B Building (UFI# A08542) elevator at Bellevue College, authorizing the college to spend up to \$1,000,000 in local funds to complete the project.

WHEREAS, pursuant to RCW 28B.50 and State Board policy, 6.20 the State Board any expenditure of capital funds, and each capital improvement project affecting educational facilities, must be approved by the State Board; and

WHEREAS, Bellevue College has identified the need to complete maintenance and refurbishment of the B Building elevator to ensure reliable and safe operations; and

WHEREAS, this project supports accessibility and safety for all campus users, aligning with the college's commitment to inclusive and equitable infrastructure; and

WHEREAS, Bellevue College president has authorized up to \$1,000,000 in local funds to fund the project on July 31, 2025.

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Bellevue College to spend up to \$1,000,000 in local funds for the maintenance and refurbishment of the B Building elevator. and

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

APPROVED AND ADOPTED on (08/20/2025)

Attest

Nate Humphrey, secretary

Martin Valadez, chair

CONSENT ITEM (RESOLUTION 25-08-33)

August 20, 2025

Tab 1

Bellevue College – local capital expenditure authority for D Building HVAC and Roofing

Brief Description

Bellevue College seeks approval to spend up to \$1,200,000 in local funds to complete the repair and replacement of HVAC units in the D Building (UFI# A09171). This project will improve HVAC performance, enhancing building functionality and comfort for students, faculty, and staff. A state allocation of \$912,000 will supplement the project, bringing the total project cost to \$2,112,000.

How does this item link to the State Board's Strategic Plan?

This project supports enrollments and student success by providing modern and relevant facilities.

Background information and analysis

Bellevue College has identified the need to repair and replace HVAC units in the D Building to ensure continued performance and reliability. The HVAC system is critical to maintaining indoor air quality and temperature control. The project scope includes mechanical upgrades and replacement of aging HVAC units.

The college president approved the local capital expenditure of \$1,200,000 on July 31, 2025. The project will replace ten HVAC units, in the worst condition near the administration area of building D, is supported by a state allocation of \$912,000, resulting in a total project cost of \$2,112,000.

Recommendation/preferred result

Staff recommends approval of Resolution 25-08-33 granting Bellevue College the authority to spend up to \$1,200,000 in local funds for the repair and replacement of HVAC units in the D Building (UFI# A09171), as part of a total project cost of \$2,112,000.

Policy Manual Change Yes ☐ No ☒

Prepared by: Darrell Jennings

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STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-33

A resolution relating to the repair and replacement of HVAC units in the D Building (UFI# A09171) at Bellevue College, authorizing the college to spend up to \$1,200,000 in local funds to complete the project.

WHEREAS, pursuant to RCW 28B.50 and State Board policy 6.20, the State Board any expenditure of capital funds, and each capital improvement project affecting educational facilities, must be approved by the State Board; and

WHEREAS, Bellevue College has identified the need to complete repair and replacement of HVAC units in the D Building to ensure reliable and safe operations and occupant comfort; and

WHEREAS, this project supports accessibility and safety for all campus users, aligning with the college's commitment to inclusive and equitable infrastructure; and

WHEREAS, Bellevue College's president authorized up to \$1,200,000 in local funds to fund the project on July 31, 2025; and

WHEREAS, a related portion of the project is supported by a state allocation of \$912,000, bringing the total project cost to \$2,112,000.

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Bellevue College to spend up to \$1,200,000 in local funds for the repair and replacement of HVAC units in the D Building (UFI# A09171).

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 (08/20/2025)

Attest

Nate Humphrey, secretary

Martin Valadez, chair

CONSENT ITEM (RESOLUTION 25-08-34)

August 20, 2025

Tab 1

Bellevue College – local capital expenditure authority for D Building Roofing

Brief Description

Bellevue College seeks approval to spend up to \$3,800,000 in local funds to complete roofing repairs and replacement on the D Building (UFI# A09171). This project will address roofing deficiencies, enhancing building integrity and comfort for students, faculty, and staff.

How does this item link to the State Board's Strategic Plan?

This project supports enrollments and student success by providing modern and relevant facilities.

Background information and analysis

Bellevue College has identified the need to repair and replace the roofing system on the D Building to ensure continued performance and reliability. Roofing repairs are essential to prevent water intrusion and structural damage. The project scope includes replacement of aging roofing materials and improvements to the roofing system to enhance durability and weather resistance.

The college president approved the local capital expenditure of \$3,800,000 on July 31, 2025. This is a standalone project funded entirely with local resources.

Recommendation/preferred result

Staff recommends approval of Resolution 25-08-34 granting Bellevue College the authority to spend up to \$3,800,000 in local funds for the repair and replacement of roofing on the D Building (UFI# A09171).

Policy Manual Change Yes ☐ No ☒

Prepared by: Darrell Jennings

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STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-34

A resolution relating to the repair and replacement of roofing on the D Building (UFI# A09171) at Bellevue College, authorizing the college to spend up to \$3,800,000 in local funds to complete the project.

WHEREAS, pursuant to RCW 28B.50 and State Board policy 6.20, the State Board any expenditure of capital funds, and each capital improvement project affecting educational facilities must be approved by the State Board; and

WHEREAS, Bellevue College has identified the need to complete repair and replacement of roofing on the D Building to ensure reliable and safe operations; and

WHEREAS, this project supports accessibility and safety for all campus users, aligning with the college's commitment to inclusive and equitable infrastructure; and

WHEREAS, Bellevue College's president authorized up to \$3,800,000 in local funds to fund the project on July 31, 2025.

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes Bellevue College to spend up to \$3,800,000 in local funds for the repair and replacement of roofing on the D Building (UFI# A09171).

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 (08/20/2025)

Attest

Nate Humphrey, secretary

Martin Valadez, chair

CONSENT ITEM (RESOLUTION 25-08-35)

August 20, 2025

Tab 1

Commendation of Earl Hale's life and career in service to the community and technical colleges system

Brief Description

A resolution to formally commend and recognize the life and service of Earl Hale, former executive director of the State Board for Community and Technical Colleges.

How does this item link to the State Board's Strategic Plan?

This resolution correlates to *Objective 4.3: Strengthen advocacy and community partnerships* in highlighting the work done by Earl Hale to promote the mission and values of the State Board for Community and Technical Colleges to leaders across the state, including business, state government, faculty unions, the K-12 system, and four-year colleges and universities.

Background information and analysis

Earl Hale, former State Board for Community and Technical Colleges executive director, passed away on July 30 at the age of 82. For 35 years, Earl dedicated his career to the community and technical college system, including 19 years as executive director. Throughout his tenure, he focused our colleges' efforts in workforce development while nurturing lasting relationships with leaders across the state, cementing the community and technical college system's place in Washington's educational landscape. Most of all, he ensured our colleges' doors remained open to thousands of students as they achieved their goals.

It was under his leadership that the community and technical college system grew from 27 community colleges to 34 community and technical colleges with the addition of Bates, Bellingham, Cascadia, Clover Park, Lake Washington, Pierce Puyallup, and Renton. He also oversaw the launch applied bachelor's degrees, opening new doors to education and careers to thousands of students.

Earl understood the power of relationships, and he believed in the community and technical college system. Even years after his retirement, he continued to advocate for our colleges, always underscoring the importance of connections. For this, we owe him a debt of gratitude.

Recommendation/preferred result

Staff recommends formal commendation and recognition of the life and service of Earl Hale to the State Board for Community and Technical Colleges.

Policy Manual Change Yes ☐ No ☒

Prepared by: Marianna Watson, executive assistant

STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-35

A resolution formally recognizing the life and service of former executive director Earl Hale in the wake of his passing.

WHEREAS, Earl Hale worked for the State Board for Community and Technical colleges for 35 years, including serving as its executive director for 19 years; and

WHEREAS, Mr. Hale focused our colleges' efforts in workforce development while nurturing lasting relationships with leaders across the state, cementing the community and technical college system's place in Washington's educational landscape; and

WHEREAS, under his leadership, the community and technical college system grew from 27 community colleges to 34 community and technical colleges with the addition of Bates, Bellingham, Cascadia, Clover Park, Lake Washington, Pierce Puallup, and Renton; and

WHEREAS, Mr. Hale oversaw the launch of applied bachelor's degrees at community and technical colleges which have since expanded over 150 offerings at all 34 colleges, opening new doors to education and careers to thousands of students;

WHEREAS, Mr. Hale understood the power of relationships and believed in the community and technical college system; and

WHEREAS, he continued to advocate for our colleges even after his retirement, always underscoring the importance of connections;

THEREFORE BE IT RESOLVED, the State Board for Community and Technical Colleges honors and remembers Earl Hale for his tireless efforts in service to Washington's community and technical college system.

APPROVED AND ADOPTED on (08/20/2025)

Attest

Nate Humphrey, secretary

Martin Valadez, chair

REGULAR (RESOLUTION 25-08-36)

August 20, 2025

Tab 2

Final Presentation of Allocation Model Recommendations

Brief Description

During this session, the State Board will hear the final recommendations for revisions to the allocation model used to distribute general operating funds across Washington's community and technical college districts. Initiated by Washington Association of Community and Technical Colleges (WACTC) leadership and shaped by extensive analysis, stakeholder input, and a strong equity focus, this multi-year effort reflects a shared commitment to a transparent, sustainable, and principled funding model aligned with student and workforce needs. The final recommendations were approved by college presidents and chancellors in July 2025.

How does this item link to the State Board's Strategic Plan?

The proposed allocation model recommendations link directly and substantively to all four of the State Board's strategic goals as follows:

1. Increase Access and Retention Among Marginalized Populations

- **Equity-Driven Design:** The review process was explicitly grounded in racial equity, with guiding principles developed by the WACTC Equity Committee and reinforced throughout the model redesign process.
- **MOA Increase:** Raising the Minimum Operating Allocation (MOA) to \$3.7M provides greater financial stability to smaller, often rural colleges, which are essential access points for underserved populations including low-income students, rural residents, and individuals with disabilities.
- **SAI Performance Funding:** Continued emphasis on momentum points for students of color, low-income students, and students in basic skills programs ensures that institutional funding is tied to supporting populations that have been historically marginalized in higher education.
- **Priority Enrollment Investment:** Directs more operating funds toward Basic Education for Adults (BEAdA), which serves a large proportion of immigrants, refugees, working adults, and single parents, thereby enhancing access and retention where it's most needed.

2. Improve Completion and Transfer Rates for All Students

- **Performance-Based Funding (SAI):** By maintaining and refining metrics tied to academic momentum, the model continues to incentivize completion across all credential types: degrees, certificates, apprenticeships, and bachelor's programs.

- **Equity in Outcomes:** The model rewards institutions that support students from underrepresented backgrounds in reaching academic milestones, directly aligning with the State Board's goal of improving completion faster for students of color.
- **Enrollment Base Reform (DEAB):** By shifting to a 4-year rolling average and including both headcount and FTE, the model more accurately reflects modern student attendance patterns, such as part-time and non-traditional enrollment, which are common among those balancing work, school, and family responsibilities.

3. Provide Flexible Career-Training Options Aligned with Workforce Needs

- **Skills Gap Funding:** Allocating more operating funds to Skills Gap programs ensures that colleges can respond to dynamic workforce demand, including regional needs as identified by Workforce Development Area data.
- **Updated Classification of Instructional Programs (CIP) Methodology:** The Skills Gap list will now be regularly updated using state labor market data, ensuring programs align with emerging high-demand fields—boosting career mobility and economic resilience.

4. Support Financial Sustainability and Resiliency of Colleges

- **Base Funding Stabilization:** The increased MOA ensures that all colleges receive predictable baseline funding, promoting institutional sustainability—particularly for smaller or enrollment-volatile campuses.
- **Smooth Implementation:** A phase-in period would offer institutions adequate time to adapt financially, reducing disruption and enabling long-term planning.
- **Safe Harbor Continuation:** Maintaining 4-year safe harbor for compensation and operations ensures institutions can plan for fiscal changes in a buffered, strategic manner.
- **Reallocation of Earmarks:** Rolling underutilized earmarked funds into the model allows more flexible and responsive use of dollars by the colleges.
- **Built-in Review Cycles:** Scheduled reviews of the model and its components ensure ongoing responsiveness to emerging financial or demographic changes across the system.

Background information and analysis

In 2021, Washington's community and technical college presidents and chancellors voted to initiate a comprehensive review of the allocation model used to distribute the general operating funds appropriated by the Legislature. The process was delayed due to challenges posed by the COVID-19 pandemic.

During the 2022–23 academic year, the Washington Association of Community and Technical Colleges (WACTC) Equity Committee conducted a thorough analysis of the model. Their work resulted in a set of guiding and equity principles, which informed the re-establishment of the Allocation Model Review Committee (AMRC).

The AMRC commenced its work in November 2023, tasked with evaluating and recommending changes to the current model to ensure alignment with system-wide equity and funding principles.

Subcommittees were established to assess individual model components and provide detailed recommendations for AMRC deliberation.

College presidents and chancellors offered feedback via surveys following the release of preliminary and semi-final recommendations. This input helped refine the final recommendations, which included both conceptual changes and estimated financial impacts.

The review emphasized racial equity, fairness, transparency, and student success. The revised model redistributes existing funds more equitably to reflect current institutional and workforce conditions while advancing the State Board's vision of leading with racial equity.

Final recommendations and fiscal projections were presented to presidents and chancellors in June 2025. Following robust discussion at the July WACTC retreat, the group voted to approve the final allocation model recommendations for State Board consideration and final approval in accordance with RCW 28B.50.090.

Additionally, if the allocation model recommendations are approved, presidents and chancellors have requested an implementation date of July 1, 2026 (fiscal year 2027) and proposed a 6-year graduated transition period for discussion.

Recommendation/preferred result

Staff presents Resolution 25-08-36 for the State Board for Community and Technical Colleges' independent consideration. No formal staff recommendation is offered.

Policy Manual Change Yes ☐ No ☒

Prepared by: Stephanie Winner, operating budget director

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STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-08-36

A resolution relating to modifying the allocation model used to distribute state appropriations across Washington's community and technical college districts.

WHEREAS, the State Board for Community and Technical Colleges holds statutory authority, as provided in RCW 28B.50.090, to establish guidelines for the disbursement of state appropriations to the college districts; and

WHEREAS, the current allocation model has remained largely unchanged since 2017 and continues to rely on outdated enrollment targets, resulting in stagnant enrollment-based funding across the system for more than five years, as no districts have exceeded those targets; and

WHEREAS, the Washington Association of Community and Technical Colleges (WACTC) initiated a comprehensive review of the allocation model to assess the stability of funding and alignment between funding levels and actual student enrollment; and

WHEREAS, the review process—guided by equity principles—placed a strong emphasis on racial equity, fairness, and student success, and incorporated extensive feedback from college presidents, chancellors, and other stakeholders; and

WHEREAS, the final recommendations, endorsed by a strong majority of chancellors and presidents, reflect a modernized, equity-driven, and performance-informed approach to distributing state operating funds; and

WHEREAS, the proposed model aligns with all four of the State Board's strategic goals: increasing access and retention, improving student completion and transfer rates, aligning career training with workforce needs, and ensuring financial sustainability.

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges hereby authorizes the implementation of the following allocation model recommendations:

1. Core Allocation Model Components

- **MOA:** Increase the fixed funding amount to \$3.7 million per college.
- **District Enrollment Allocation Base (DEAB):** Eliminate outdated enrollment targets and utilize a 4-year rolling average based on actual FTE and headcount, excluding international, corporate, and continuing education enrollments.
- **Performance Funding (Student Achievement Initiative-SAI):** Maintain the current 5% allocation of state operating appropriations and preserve the academic momentum metrics.
- **Priority Enrollments:** Dedicate 5% of state operating appropriations to Priority Enrollments,

divided between Basic Education for Adults and Skills Gap Programs. Update the Skills Gap list using the Employment Security Department's supply/demand data to identify current high-need occupations and long-term projection data to capture forecasted growth in job openings, separated by Workforce Development Areas.

2. Earmarks and Safe Harbor Provisions

- Maintenance and strategic integration of current earmarked funds.
- Transition of King County regional pay into 4-year safe harbor.
- Preservation of safe harbor protections for compensation, M&O, and lease costs

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 August 20, 2025

Attest

Nate Humphrey, secretary

Martin Valadez, chair