

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