

REGULAR ITEM (RESOLUTION 25-06-28)

June 12, 2025

Tab 7

Consideration of the Fiscal Year 2026 Operating Budget and Enrollment Allocations

Brief Description

The State Board will review the details of the 2026 operating budget allocations to college districts including the allocation model, state board earmarks, provisos, and distributions of newly funded Legislative investments.

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

Legislative operating and capital appropriations to the State Board for Community and Technical Colleges form the financial foundation for the system's operation. These state resources are essential to advancing the strategic goals of securing sustainable funding and developing systemwide strategies that promote the financial stability and long-term resiliency of our colleges.

Background information and analysis

Background on State Board Allocations to Districts

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.

As detailed in Attachment A, 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.
 - o 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.
 - o Program- or population-specific funds identified by the State Board, such as Opportunity Grant funding.

Allocation Summary and Discussion

In Fiscal Year (FY) 2026, the total state operating budget appropriation to the system is \$1.222 billion, representing a modest 1.37% decrease from FY 2025. This reduction includes a 0.5% decrease in general fund support and the resolution of the duplicated funding error carried over from the 2023-25 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.

Enrollment Allocation

Until 2017, the state operating budget (Omnibus Appropriations Act) included an enrollment target for the community and technical college system of 139,980 students. State Board staff recommend the system continue to maintain this enrollment target for the coming year. The target helps ensure that resources are deployed where most needed by specifying the conditions under which a district is eligible to receive additional enrollments. As articulated in Attachment B, these rules also specify the conditions under which a district's future allocated enrollments and associated funding could be adjusted.

The in-process allocation model review may result in recommended changes to enrollment or funding allocations in the future. Recommendations are expected to be presented to the State Board for consideration in August 2025.

Recommendation/preferred result

Staff recommend adoption of the FY 2026 Operating budget and enrollment allocations as outlined in the attachments.

Policy Manual Change Yes ☐ No ☒

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**STATE OF WASHINGTON
STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES
RESOLUTION 25-06-28**

A resolution relating to the 2025-27 enacted operating budget and the fiscal year 2026 allocations.

WHEREAS, the State Board for Community and Technical Colleges submitted a 2025-27 biennial operating budget request to make improvements in the funding provided for the 2025-27 biennium; and

WHEREAS, the 2025 legislature passed a 2025-27 biennial operating budget with funding for fiscal year 2026 outlined in Attachment A; and

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

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes the allocation of funds for fiscal year 2026 as outlined in Attachment A; 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 June 12, 2025

Attest



Chris Bailey, interim secretary



Martin Valadez, chair