

REGULAR ITEM (RESOLUTION 25-06-29)

June 12, 2025

Tab 8

2025-27 capital budget allocations and future capital requests

Brief Description

This board memo addresses current and future allocations for capital funding, including:

- A review of capital investments made during the 2023-25 biennium;
- A recommendation to the State Board to adopt a resolution allocating funding appropriated by the Legislature in the 2025-27 capital budget;
- Developing the 2026 supplemental capital budget request; and
- Development of the community and technical college system's 2027-29 capital request.

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

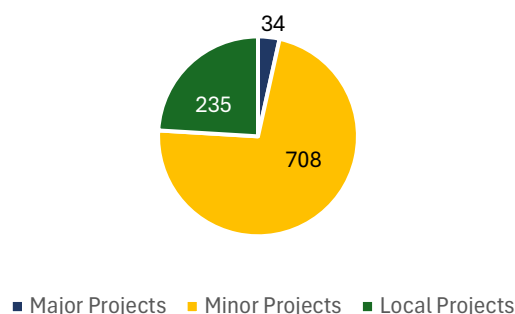
The capital infrastructure of college campuses is essential in providing for student success at all thirty-four of Washington's community and technical colleges. The facilities built and maintained using funds from the capital budget support the State Board's goals by increasing access to post-secondary education, promoting student achievement, and success within a framework of diversity, equity, and inclusion.

Background information and analysis

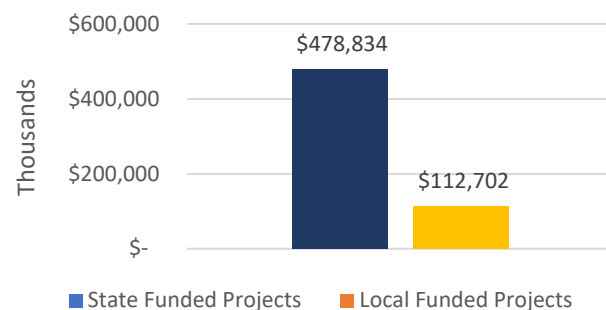
2023-25 biennium update

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 2021–23 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.

2023-25 Capital Projects



2023-25 Capital Funding



Construction was completed and eight major projects were opened for use during the biennium.

- Wenatchee Valley, Wells Hall Replacement
- Olympic, Shop Building Renovation
- Pierce Fort Steilacoom, Cascade Building
- Clark, North County Satellite
- North Seattle, Library Building Renovation
- South Seattle, Automotive Technology Renovation
- Spokane Falls, Fine and Applied Arts
- Walla Walla, Science and Technology Building

As of May 27, 2024, \$375 million in state and \$77 million in local capital funds have been spent during the 2023-25 biennium.

2025 supplemental

The Legislature approved the system's 2025 supplemental budget request, increasing the system emergency fund by \$1.2 million for the current biennium. The State Board has begun allocating these additional funds to colleges that experienced qualifying emergencies during the biennium but for which the State Board lacked sufficient funding to provide support at the time.

2025-27 funding and college allocations

New funding

The Legislature appropriated \$378.6 million for the system's 2025-27 capital request in order, through priority #12. In doing so, the Legislature combined six separate minor works category requests into a single appropriation for preservation and program minor works projects and reduced overall funding from the requested amount for those projects by \$16.7 million.

Two of the combined minor works categories are formula calculated allocations to colleges for unexpected repairs and program improvement projects. The funding allocations for each college are based on each college's share of the system's student enrollments, square footage, square footage more than 25 years old, and for the program category, each college's campus facility condition score. The other four minor works categories, roof, facility, site, and infrastructure replacements are prioritized projects identified in the biennial Facility Condition Survey and the 2019 Infrastructure survey.

State Board staff and the WACTC Capital Committee developed a solution to the funding shortfall consistent with the methodology used to develop the request. The recommended allocations fully fund the unexpected repair fund (URF) and program categories to colleges by formula and provide funding for repair and replacement projects consistent with their priority order from the budget request. Infrastructure replacement projects are prioritized after repair projects in the request and therefore the lowest \$16.7 million priority projects from the request will be postponed pending additional funding. All the infrastructure assets in the request are beyond their expected useful life but still functioning.

The enacted budget includes \$182,840,000 for five major construction projects:

- Grays Harbor Community College, Lake Swano Dam

- Olympic College, Innovation and Technology Learning Center
- Lower Columbia College, Center for Vocational and Transitional Studies
- Columbia Basin Community College, Performing Arts Building Replacement
- Whatcom Community College, Technology and Engineering Center

As in the previous three biennial budgets, the Legislature provided an additional \$3 million, not requested by the State Board, to support student learning through the purchase and installation of capital equipment. This funding is targeted to Career Launch-endorsed programs within the community and technical college system, as well as registered apprenticeship programs that partner with these colleges. The funds will be distributed competitively through a process administered by the State Board's education division.

Reappropriations

State appropriations typically expire at the end of each biennium, unless explicitly reauthorized by the Legislature. Reappropriations are common for major capital projects that span multiple years. In contrast, minor projects are expected to be completed and fully expended within the biennium, except in rare cases.

Anticipating that some minor projects could not be completed on time due to external delays (e.g., long lead times for electrical equipment, elevator parts, or permitting issues), the State Board requested reappropriations for select projects where:

- The college began the project early in the biennium, and
- The delay was demonstrably beyond their control.

The State Board's 2025–27 capital request included \$492 million in reappropriations for all unfinished major and qualifying minor projects. After working with the Legislature, the final enacted reappropriation amount was revised to \$306.7 million, based on expenditure data as of March 2025.

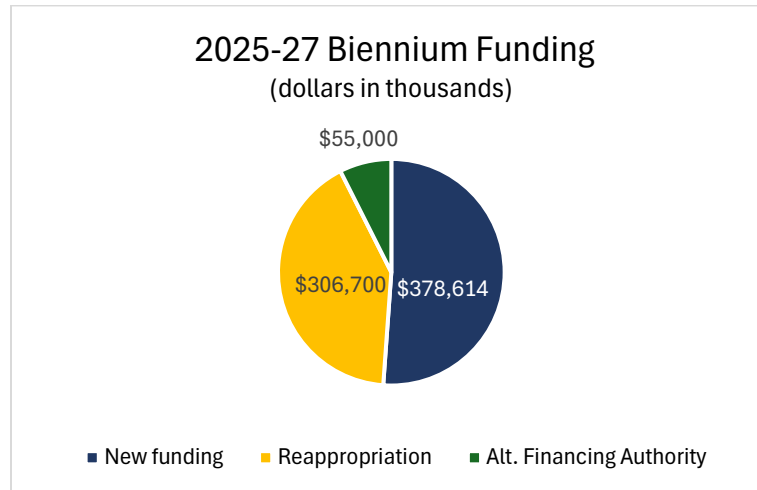
The Legislature will reconcile actual reappropriations in the 2026 supplemental budget once end-of-biennium accounting concludes in September.

A list of recommended new funding and reappropriation allocations by college is included in Attachment A.

Alternative financing authority

The Legislature also included up to \$55 million in local spending authority for five colleges for projects seeking alternative financing authority for capital projects:

- Columbia Basin College, \$18 million to construct student housing
- Edmonds College, \$9 million to acquire student housing
- Clover Park Technical College, \$15 million to acquire and renovate a training facility
- Renton Technical College, \$8 million to continue renovations in Building J
- South Puget Sound Community College, \$5 million to construct an athletic field and related support amenities



2026 supplemental capital budget request

The supplemental capital budget is primarily intended to address technical corrections to the currently enacted biennial budget, and fund urgent needs and projects that cannot be deferred until the next biennium. The Legislature reserved an estimated \$348 million in state bond capacity for the 2026 supplemental capital budget to support all state-funded capital projects. This amount will be revised and updated during the 2026 legislative session based on economic conditions at the time.

The enacted 2025–27 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.

In addition, 2023 legislation ([HB 1390](#)) requires state-owned district energy systems that serve at least five buildings and at least 100,000 gross square feet of conditioned building space to develop 15-year decarbonization plans for heating the buildings attached to the district system. Eight system colleges meet this requirement and are in the process of developing decarbonization plans. The plans must be completed by June 30, 2025. Implementation of the initial phases for some of these plans is expected to begin with funding requests in the 2026 supplemental capital budget.

The State Board would like to continue developing programs and requests to assist colleges in achieving increased energy conservation projects to mitigate the impacts of rising utility costs upon operating budgets. That same work can also support or directly result in greenhouse gas emission reductions required to meet state agency goals established in [RCW 70A.45.050](#). Aligning energy conservation efforts with decarbonization strategies, the State Board aims to support colleges in finding a practical balance between reducing costs and achieving multiple state policy objectives.

At the time of this memo staff are working with WACTC to develop and refine the budget priorities for the 2026 supplemental request. Attachment B includes a draft concept for the 2026 State Board

capital request for community and technical colleges.

Agency supplemental budget requests will be due to the Office of Financial Management in mid-September.

2027-29 biennial budget

The State Board capital budget staff are currently working to develop the minor works project request for the 2027-29 capital request. SBCTC surveys the condition of state-owned facilities and assets every two years through a Facility Condition Survey. This survey is used to establish the relative severity of each capital repair deficiency to allow system-wide comparison and prioritization of college repair requests for the next biennial budget. The survey is a collaborative process with the State Board and college leadership and facilities staff. The scope of the survey includes roofs, building envelopes, major building systems, utility distribution systems, and site elements.

In addition to the Facility Condition Survey, three colleges have an in-depth civil rights review for ADA compliance each year. Corrective actions from the civil rights review that rise to the level of a qualifying minor works project can be added to the minor project request.

Five major projects were funded by the Legislature in the 2025-27 budget, leaving thirty-two projects remaining on the SBCTC pipeline list of capital projects (Attachment C). College presidents have decided to not add new major projects to the pipeline until current projects on the list are nearly all funded. They are concerned with the effects lengthy delays have on project budgets, scope, and program for projects that remain on the pipeline list while awaiting funding from the Legislature. They have instead been working on a process to allow colleges with projects in the pipeline to reevaluate projects and revise them to meet current college and system needs at a lower cost.

Recommendation/preferred result

Staff recommends approval of Resolution 2025-06-29, directing staff to allocate funding appropriated by the Legislature in the enacted 2025 supplemental and 2025-27 biennial capital budgets, to colleges.

Policy Manual Change Yes ☐ No ☒

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STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 25-06-29

A resolution relating to the allocation to the State Board's 2025-27 biennial capital budget.

WHEREAS, the State Board is required to develop a single, prioritized list of projects for the community and technical college system on behalf of the colleges seeking state capital appropriations; and

WHEREAS, the expenditure of capital funds, and each capital improvement project affecting educational facilities, must be approved by the State Board; and

WHEREAS, the reappropriations and new state appropriations provided in the 2025-27 enacted capital budget as shown in Attachment A are for projects from the State Boards capital budget request; and

WHEREAS, the most urgent and prioritized needs include underfunded minor projects and unfunded major projects from the State Board's 2025-27 capital request, as well as initiatives to implement required decarbonization plans, improve energy efficiency, and reduce greenhouse gas emissions to comply with state requirements are described in Attachment B.

THEREFORE BE IT RESOLVED, the funding in the 2025-27 enacted capital budget shall be allocated to the colleges consistent with the table in Attachment A, based on progress as required by the Office of Financial Management; and

BE IT FURTHER RESOLVED, the State Board will develop a budget request consistent with the direction in Attachment B for the 2026 supplemental capital budget; 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