

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 (BEaA), 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 ☒

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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.
 - Maintain specific purpose funding for high-priority programs that support students throughout the system including Aerospace Enrollments, Centers of Excellence, Disability Accommodations, Goldstar Families Book Stipends, Labor Education & Resource Center, Opportunity Grants, Outreach & Completion Initiative Specialists, Student Emergency Assistance Grants, Students of Color, Worker Retraining, and Workforce Development Gants.
 - Integrate into the allocation model earmarked funds that are underutilized or for institution-specific programs including Aerospace Apprenticeships, Employment Resource Center, Hospital Employee Education & Training, Maritime Industries, and University Contracts.
 - Reclassify ABE Enrollments, Federal Basic Education State Match, and DOC Compensation Correction as State Board allocation but maintain the specific purpose designation.
- 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