

REGULAR ITEM (RESOLUTION 26-04-17)

April 9, 2026

Tab 6

2027-29 Capital Budget Request Proposal

Brief Description

State Board staff, in coordination with college presidents, vice presidents for administration, and facilities directors, have developed a proposed capital budget request for the 2027–29 biennium on behalf of Washington’s community and technical college system. The proposed request reflects systemwide priorities for asset preservation, instructional modernization, safety, and long-term capital stewardship, and is presented for State Board review and approval.

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

Approval of the 2027–29 capital budget request advances the State Board’s Strategic Plan by supporting equitable access, student success, workforce preparation, and long-term system sustainability through targeted investments in college facilities and infrastructure. These investments help ensure that college infrastructure continues to support student access, learning environments, and responsible stewardship of public resources.

Background information and analysis

Statutory Role and Capital Budget Framework

Under RCW 28B.50.090(1), the State Board is required to prepare and submit a single, prioritized list of capital projects on behalf of the community and technical college system. Consistent with legislative direction, the State Board organizes its capital request to prioritize minor works projects ahead of major capital projects and to request full design and construction funding within a single biennium wherever feasible. This approach reduces delivery risk, limits exposure to construction cost escalation, and accelerates the realization of benefits for students and communities compared to the former two-phase funding model.

Following submission to the Office of Financial Management (OFM), the State Board’s capital request is reviewed and considered as part of the Governor’s development of the proposed capital budget. The Governor’s budget is then submitted to the Legislature, where it is subject to further review, modification, and prioritization through the legislative capital budget process. Final funding levels, project sequencing, provisos, and conditions are determined through legislative deliberations and are enacted in the biennial capital budget bill.

Once appropriated, capital funding is allotted to the State Board by OFM based on project phase and progress. The State Board then allocates funding to colleges consistent with enacted appropriations and conditions. Colleges are required to use the Department of Enterprise Services (DES) for public works contracting and project implementation.

Minor Works Projects

Minor works projects are the primary mechanism through which colleges address deferred maintenance and complete facility repair and improvement projects. Minor works are funded as lists of projects of a similar nature that fall within the cost thresholds established in statute and capital

budget instructions. These projects are generally classified as either preservation projects, which maintain, preserve, or extend the useful life of existing facilities, or program improvement projects, which modify or reconfigure existing space to meet instructional, programmatic, or operational needs.

For the 2027–29 capital budget request, the State Board proposes continued investment in state-owned college facilities in the following minor works categories:

- Preventive facility maintenance and operations
- Capital administration and emergency repair capital funding
- Facility condition survey–identified repairs
- Infrastructure replacement
- Program improvement

Within each minor works appropriation, the State Board is provided flexibility to approve changes to project scope and individual project selections, enabling colleges to respond to emergent facility needs and shifting priorities during the biennium.

Preventive Facility Maintenance (O&M Fund Swap)

Preventive facility maintenance funding is a long-standing “fund-swap” component of higher education capital budgets and provides predictable, systemwide support for asset preservation and lifecycle maintenance. Through this appropriation, the Legislature authorizes certain preventive facility operation and maintenance activities to be funded within the context of the capital budget, allowing colleges to address ongoing facility needs that help extend the useful life of existing assets and reduce long-term capital risk.

Facility Condition Survey Repairs

Each odd-numbered year, State Board capital staff conduct a systemwide facility condition survey in collaboration with college facilities staff. The survey identifies building and site deficiencies, assigns relative severity—particularly for risks affecting occupant health and safety—and informs systemwide prioritization of repair and replacement needs.

The most recent survey indicates that the system continues to carry substantial deferred maintenance and infrastructure replacement needs, with a significant share of assets beyond their expected useful life. Minor repair and infrastructure replacement requests for the 2027–29 biennium are prioritized based on remaining useful life, importance to instruction and ongoing operations, and equity considerations, including the populations and program areas served.

In prior biennia, the State Board proposed modest increases to overall minor works funding to reflect inflation, aging facilities, and documented system needs. The 2027–29 request makes a subtle but important refinement to this approach. Rather than increasing all minor works categories proportionally, the request maintains Unanticipated Repair Funds (URF) and minor program improvement funding at 2025–27 levels, reduces funding for infrastructure replacement projects, and increases funding for repairs identified through the Facility Condition Survey by approximately 50 percent over the prior request. By directing additional resources to survey-identified repairs, the request prioritizes documented, systemwide risks to occupant health and the continued safe operation of instructional facilities.

Infrastructure Replacement

The infrastructure replacement category supports the proactive repair and replacement of shared, underground, and campus-wide utility systems that serve multiple buildings and are critical to

day-to-day campus operations, including water, sewer, storm drainage, gas, electrical distribution, and other core utility components. This category is intended to address high-risk infrastructure before system failure occurs, reducing the likelihood of service disruptions, emergency repairs, and unplanned impacts to instructional programs.

In 2019, the State Board conducted a systemwide infrastructure survey to assess the condition and risk profile of these critical systems across community and technical college campuses. The survey identified thousands of individual infrastructure assets, many of which had exceeded or were approaching the end of their expected useful life. While recent biennia have begun to address the highest-risk deficiencies, a significant portion of the system's infrastructure remains beyond its intended lifespan, underscoring the continued need for targeted replacement investments.

Infrastructure replacement projects included in the 2027–29 capital request are prioritized using the 2019 Infrastructure Survey and subsequent updates, with emphasis on remaining useful life, likelihood and consequence of failure, and the importance of the system to continued campus operations. By focusing on proactive replacement while continuing to work through assets already beyond their useful life, this category helps stabilize aging campus infrastructure, reduce long-term capital and operational risk, and support the safe and reliable operation of instructional facilities across the system.

Minor Program Improvements

Minor program improvement projects allow colleges to reconfigure and modernize existing space to support instructional delivery, applied learning, and workforce training. These projects are increasingly important as colleges adapt facilities for evolving pedagogies, technology integration, and program alignment with regional labor market demand.

The minor program funding methodology allocates a base amount to each college and distributes remaining funds using a formula that considers:

- Share of system FTE students
- Share of total gross square footage
- Share of building space over 25 years old
- Aggregate facility condition scores

This approach considers equity, scale, and demonstrated facility need while maintaining transparency and predictability for colleges.

Major Capital Projects

Major capital projects support major facility renovation, replacement, new construction, and property acquisition. These projects address large-scale instructional, programmatic, infrastructure, or life-safety needs. The State Board maintains a systemwide pipeline of major capital projects submitted by colleges through established review and prioritization processes. There are currently 32 major projects in the pipeline, including the partially construction-funded Cascadia College CC5 Gateway Building.

Beginning in 2023, State Board staff convened a multi-year workgroup to examine challenges associated with the size, cost, and delivery timelines of the major capital project pipeline. As a result of that effort, the State Board approved a capital framework in October 2025 (Resolution 25-20-44), including the adoption of intermediate project guidelines. The intermediate project framework allows colleges to restructure certain projects already in the pipeline into more discrete, lower-cost scopes

that can be advanced more efficiently while remaining within the Board-approved prioritization structure. Four colleges converted projects to intermediates for this request.

The proposed 2027–29 capital budget request applies this Board-approved framework, integrating intermediate projects directly into the major project list and prioritizing major and intermediate projects using the established pipeline order and evaluation criteria.

Decarbonization of District Energy Systems

In 2024, the Legislature enacted HB 1390, directing state agencies with qualifying district energy systems to develop plans that identify capital projects to reduce greenhouse gas emissions from campus central plants and district energy systems. These projects generally focus on modernizing aging central plant infrastructure, transitioning from fossil fuel–based systems to lower-carbon or electric alternatives, and improving the long-term efficiency and reliability of campus energy systems.

Many colleges’ central plants rely on equipment that has exceeded or is approaching the end of its expected useful life and presents increasing operational, regulatory, and cost risks. Development of central plant decarbonization projects is intended to address these risks while aligning future infrastructure investments with evolving state energy and climate policy.

The Legislature has also directed the Department of Commerce to lead a statewide prioritization process for central plant decarbonization projects. Consistent with this direction, the State Board’s work is focused on ensuring that colleges are prepared to participate in that process using project scopes, phasing, and documentation aligned with forthcoming guidance.

Reappropriations

Reappropriations are requested for unexpended balances necessary to complete capital projects that span more than one biennium and remain subject to the conditions and limitations of the original appropriation. The State Board anticipates requesting reappropriations primarily for major capital projects with active construction schedules extending beyond the biennium.

Consistent with legislative intent and system practice, reappropriations for minor works projects are expected to remain limited and are subject to additional system-level constraints. The Washington Association of Community and Technical Colleges (WACTC) has adopted self-imposed guidelines to limit when minor works projects may be considered eligible for reappropriation. Under these guidelines, a minor works project may be considered for reappropriation only when:

1. The project was initiated in the first quarter of the biennium (no later than December 31, 2025); and
2. Completion of the project is expected to be delayed beyond June 30, 2027, due to circumstances outside the college’s control.

The system’s objective is to minimize the use of reappropriations for minor works projects. Inability to fully expend current biennium appropriations can undermine the credibility of future minor works funding requests and runs counter to legislative expectations that minor projects be delivered within the biennium. Accordingly, reappropriations for minor works will be requested only under exceptional and well-documented circumstances.

Alternative Financing Authorities (Certificates of Participation)

The capital budget may include authority for alternative financing mechanisms, most commonly Certificates of Participation (COPs). COPs are a lease-purchase financing tool administered by the Office of the State Treasurer that allow state agencies to finance capital assets over time rather than relying solely on upfront capital appropriations. COPs are generally considered when project timing,

funding constraints, or cash-flow considerations make traditional capital appropriations less practical, allowing agencies to deliver facilities sooner by spreading costs over multiple years. Use of COP financing requires specific legislative authorization, and COP authority is granted through the enacted capital budget.

At the time this memo was prepared, State Board staff are not aware of any colleges planning to pursue COP financing as part of the 2027–29 capital budget request, and no alternative financing authority is proposed in this request. If a college later seeks to pursue COP financing, the request would be presented to the State Board as a separate action item for review and approval and would be subject to legislative authorization.

2027-29 Request

The proposed capital budget request is included in Attachment A and is consistent with prior State Board actions and recommendations from WACTC. The request:

- Prioritizes minor works projects ahead of major capital projects as the highest priority within the request;
- Applies the Board-approved capital budget framework, including the intermediate project process, as an integrated component of the major capital project list;
- Prioritizes major and intermediate projects using the Board-approved pipeline order and intermediate project evaluation framework, including legislative direction related to the Cascadia College CC5 Gateway Building;
- Requests full funding for design and construction within a single biennium, where feasible;
- Targets a total capital request of approximately \$600 million for minor works, intermediate, and major capital projects, reflecting documented system needs and anticipated statewide fiscal capacity;
- Includes central plant decarbonization projects developed in response to HB 1390 as an additional request, prioritized after major capital projects and not counted toward the \$600 million target; and
- Will include remaining major projects that fall beyond the near-term funding target in future biennia of the SBCTC ten-year capital plan.

OFM capital budget instructions will establish the final guidelines for agency budget requests for the 2027–29 biennium and are expected to be released in May or June 2026. These instructions are anticipated to include a revised C-100 cost estimating form and updated escalation rates. Once issued, State Board staff will work with colleges to update project cost estimates to reflect legislative proviso requirements, OFM capital budget instructions, escalation factors, architecture and engineering (A/E) fee schedules, regulatory requirements, and applicable sales tax rates.

Next Steps

State Board staff will begin working with colleges to validate and update project information based on OFM's final capital budget instructions. Staff will also identify any additional approvals required for reappropriations or alternative financing authorities, should they arise. In addition, State Board staff will coordinate with colleges to develop and submit appropriate central plant decarbonization projects for the system, consistent with guidance issued by the OFM and the Department of Commerce.

The final 2027–29 capital budget request level will be determined following completion of these updates and alignment with OFM guidance. The State Board's 2027–29 capital budget request is due to OFM in September 2026.

Recommendation/preferred result

Staff recommends approval of Resolution 26-04-17, directing State Board staff to prepare the 2027–29 capital budget request described above, and in Attachment A, on behalf of the Washington State Community and Technical College System, and to submit the request to the OFM Management for consideration by the Governor and the 2027 Legislature.

Policy Manual Change Yes No

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SBCTC Draft 2027-29 Capital Budget Request

College	Project	Type	Funding Phase	2027-29 (estimated)
Statewide	Preventive Facility Maintenance and Building System Repairs	Operating	2003 fund swap	\$ 22,800,000
Statewide	2027-29 Preservation & Capital Admin	Minor	Design & Construct	\$ 38,094,000
Statewide	2027-29 Minor Works Preservation	Minor	Design & Construct	\$ 121,774,000
Statewide	2027-29 Minor Works Program	Minor	Design & Construct	\$ 45,446,000
			Minor works subtotal	\$ 205,314,000
Cascadia	CC5 Gateway Building	Major	Construct	\$ 38,410,000
Grays Harbor	Lake Swano Dam	Major	Construct	\$ 12,500,000
Edmonds	Triton Learning Commons	Major	Construct	\$ 47,026,777
Renton	Health Sciences Center	Major	Construct	\$ 55,787,256
Bellingham	Engineering Technology Center - Bldg J Replacement	Major	Design & Construct	\$ 20,006,198
Centralia	Teacher Education and Family Development Center	Major	Construct	\$ 13,769,526
Spokane	Apprenticeship Center	Major	Construct	\$ 46,599,359
Skagit	Library/Culinary Arts Building	Major	Construct	\$ 40,256,635
Yakima	Kendall Hall	Intermediate	Design & Construct	\$ 15,000,000
Everett	Advanced Manufacturing Building Enhancement/Renovation	Intermediate	Design & Construct	\$ 15,000,000
Renton	Building A Renovation	Intermediate	Design & Construct	\$ 15,000,000
Lower Columbia	Welcome Center Modernization	Intermediate	Design & Construct	\$ 15,000,000
Highline	Welcome Center for Student Success	Major	Design & Construct	\$ 49,066,390
			Major & Intermediate project subtotal	\$ 383,422,141
			Total Request	\$ 611,536,141

Projections are estimates used for budget planning.

HB 1390 District Energy Decarbonization Projects

College	Project	Type	Funding Phase	Total Cost to Decarbonize (2025)*
Seattle Central**	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 30,229,000
North Seattle	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 33,490,000
Clark	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 48,207,000
Edmonds	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 86,701,000
Highline	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 112,217,000
Tacoma	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 94,695,000
Cascadia	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 41,565,000
Skagit	District Energy Decarbonization	Decarbonization	Design & Construct	\$ 56,700,000

* Estimated maximum project cost; scope will be defined after requirements and criteria are announced.

** Partially funded in 2026 supplemental. SSB6003 sec 5016

STATE OF WASHINGTON

STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

RESOLUTION 26-04-17

A resolution relating to the State Board for Community and Technical Colleges capital budget request for the 2027–29 fiscal biennium.

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

WHEREAS, the State Board, in coordination with the Washington Association of Community and Technical Colleges and the colleges, has developed a proposed capital budget request for the 2027–29 fiscal biennium that reflects the most pressing capital needs of the system; and

WHEREAS, the Legislature has directed the State Board to prioritize minor works projects ahead of major capital projects and to request full funding for design and construction within a single biennium where feasible; and

WHEREAS, the State Board approved a revised capital budget framework in October 2025, including the Intermediate Project process, to improve affordability and delivery of major capital projects; and

WHEREAS, the Legislature enacted HB 1390 directing state agencies to develop central plant decarbonization projects; and

WHEREAS, the Office of Financial Management is expected to issue capital budget instructions establishing allowable escalation rates, design fee schedules, and other requirements for development of the 2027–29 capital budget request;

THEREFORE, BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes the preparation and submittal to the Office of Financial Management and the Legislature of the 2027–29 biennial capital budget request for the community and technical college system, as shown in Attachment A; and

BE IT FURTHER RESOLVED, that the State Board affirms the Board-approved capital budget framework, including the Intermediate Project process, as the basis for prioritizing major and intermediate capital projects in the 2027–29 request; and

BE IT FURTHER RESOLVED, that the State Board approves a capital request target of approximately \$600 million for minor works, intermediate, and major capital projects, recognizing that final project costs will be updated consistent with Office of Financial Management budget instructions; and

BE IT FURTHER RESOLVED, that the State Board affirms that central plant decarbonization projects developed in response to HB 1390, if included, are requested in addition to the approximately \$600 million capital request target and are prioritized after major capital projects; and

BE IT FURTHER RESOLVED, that the State Board delegates to State Board staff the authority to identify, prioritize, and submit appropriate central plant decarbonization projects on behalf of the

system, consistent with guidance issued by the Office of Financial Management and the Department of Commerce; and


BE IT FURTHER RESOLVED, that the State Board authorizes the capital request for the 2027–29 fiscal biennium to include any reappropriations or reauthorizations necessary to complete existing major capital projects consistent with legislative intent; and

BE IT FURTHER RESOLVED, that State Board staff will work with the colleges to update project cost estimates for changes in inflation, design fee rates, regulatory requirements, contingencies, and sales tax rates.

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 (04/9/2026)

Attest



 Nate Humphrey, secretary



 Martin Valadez, chair