

# REGULAR ITEM (RESOLUTION 26-06-26)

June 4, 2026

Tab 6

## Consideration of Fiscal Year 2027 Operating Budget and Enrollment Allocations

### Brief Description

The State Board will review the fiscal year (FY) 2027 allocation of funds to college districts and associated enrollments allocations, along with changes to current fiscal year allocations resulting from the 2026 supplemental operating budget enacted by the Legislature.

### 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 provide the financial foundation for system operations. These resources are essential to advancing the Board's strategic goals, including securing sustainable funding and developing systemwide strategies that promote financial stability and long-term resiliency of the 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 distributing those funds to college districts. Each year, the State Board adopts annual allocations to districts before July 1, the start of the fiscal year. This year, the Legislature enacted a supplemental operating budget that modifies funding for the biennium.

Fiscal year 2027 marks the first year of implementation of the new allocation model recommended by college presidents and chancellors and approved by the State Board in August 2025.

The key components and funding drivers of the model include:

- A minimum operating allocation of \$3.7 million per college.
- Enrollment funding calculated using the four-year rolling average based on actual full-time equivalent (FTE) and headcount enrollments, excluding international, corporate, and continuing education enrollments.
- Distribution of five percent of state operating appropriations based on the Student Achievement Initiative academic momentum metrics.
- Distribution of five percent of state operating appropriations based on enrollments in Basic Education for Adults and skills gap programs.

Attachment A details the funds distributed through the key components of the allocation model, as well as funds distributed outside the allocation model through safe harbor provisions, including:

- Legislative proviso — Language in the budget bill that places conditions or limitations on the use of appropriations.
- State Board earmarks — Funds designated by the State Board for specific purposes, often targeting programs or populations.

- Four-year safe harbor – Annual increases for compensation and facilities are held outside the model for four years. After that period, the first year of increases is distributed through the allocation model, and another year of increases enters the four-year safe harbor.

### Allocation Summary and Discussion

To achieve state general funds savings, the 2026 supplemental operating budget includes a one-time higher education adjustment that replaces \$71.2 million in state appropriations over the biennium with building fee revenue. This approach generates savings for the state while mitigating deeper reductions to higher education budgets.

Including this adjustment, total FY 2027 operating funding distributed to the system is \$1.243 billion, representing an increase of 1.75 percent (more than \$21 million) compared with FY 2026 funding levels in the enacted supplemental budget.

The elimination of all industry specific Centers of Excellence, the \$2.2 million administrative reduction, and maintenance adjustments for a lower than originally budgeted I-732 cost of living increase and insurance premium rate combined with funding changes for central services funding, and the state funded portion of the WPEA and Highline recently ratified collective bargaining agreements result in a near net zero change for fiscal year 2027.

With no new investments, the slight increase from FY 2026 to FY 2027 largely reflects previously budgeted adjustments to ongoing funding and does not represent new money for the system.

The 2026 Supplemental Operating budget also made minor adjustments to the current fiscal year, along with the higher education adjustment. Attachment B provides a description of those items and how they will be allocated.

### Enrollment Allocation

With implementation of the new allocation model, the community and technical college system enrollment target of 139,927 students is eliminated. In its place, the system will use a rolling four-year average of actual enrollments, including both headcount and FTE.

The move to actual enrollment data helps ensure that resources are deployed where most needed by specifying the conditions under which a district is eligible to receive additional enrollment allocations. As outlined in Attachment A, these rules also specify the conditions under which a district's future enrollment allocations could be adjusted.

### Recommendation/preferred result

Staff recommend adoption of the FY 2027 operating budget and enrollment allocations, as well as FY 2026 allocation changes 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 26-06-26**

A resolution relating to fiscal year 2027 operating budget allocations and 2026 supplemental budget adjustments.

**WHEREAS**, RCW 28B.50.090 authorizes the State Board for Community and Technical Colleges to receive state funds and establish guidelines for the distribution of such funds to college districts; and

**WHEREAS**, the Legislature enacted a 2026 supplemental operating budget that modifies appropriations for the current biennium and includes adjustments impacting fiscal year 2027 as outlined in Attachment A and adjustments to fiscal year 2026 outlined in Attachment B; and

**WHEREAS**, fiscal year 2027 marks implementation of the new allocation model approved in August 2025 and includes updated enrollment rules associated with the allocation of state funds as outlined in Attachment A; and

**WHEREAS**, the allocation model includes key components consisting of:

- a minimum operating allocation of \$3.7 million per college;
- enrollment funding calculated using the four-year rolling average based on actual full-time equivalent (FTE) and headcount enrollments, excluding international, corporate, and continuing education enrollments;
- distribution of five percent of state operating appropriations based on Student Achievement Initiative academic momentum metrics; and
- distribution of five percent of state operating appropriations based on Basic Education for Adults and skills gap program enrollments; and

**WHEREAS**, certain funds will continue to be distributed outside of the allocation model, including legislative provisos, State Board earmarks, and four-year safe harbor provisions related to compensation and facilities funding; and

**THEREFORE BE IT RESOLVED**, that the State Board for Community and Technical Colleges authorizes the allocation of supplemental funds for fiscal year 2026 and the allocation of annual funding and enrollments for fiscal year 2027; 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 4, 2026

Attest



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Nate Humphrey, Secretary



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Martin Valadez, chair