

REGULAR ITEM (RESOLUTION 26-08-33)

August 19, 2026

Tab 2

Consideration of the 2027-29 biennial operating budget request

Brief Description

SBCTC staff, in collaboration with community and technical college presidents and system budget leaders, have begun developing the 2027-29 operating budget request. Staff are requesting State Board approval of the proposed 2027-29 operating budget priorities and authority for the Executive Director to make any final technical or administrative adjustments necessary before submission to the Office of Financial Management by September 14, 2026.

The proposed operating budget priorities are:

- Full state funding for all legislatively approved employee compensation increases, employer benefit cost changes, and central service rate increases.
- Utility rate adjustments to address continued increases in electricity, natural gas, water, sewer, stormwater, and garbage costs at Washington's community and technical colleges.

SBCTC staff are actively working on collecting data and calculating the final funding amounts for each request. Final request amounts will be included in the budget submission to the Office of Financial Management.

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

The State Board is responsible for developing and submitting the community and technical college system's biennial operating budget request to the Governor and Legislature.

These priorities support the State Board's Strategic Plan by strengthening institutional financial health and helping colleges remain financially sustainable while continuing to invest in equitable student success and career-relevant education. Fully funding state-directed compensation costs and unavoidable operating expenses allows colleges to preserve local resources for instruction, advising, workforce training, and student support instead of redirecting those funds to cover costs established through state policy.

Background information and analysis

Washington's community and technical colleges continue to face significant operating cost pressures while serving more than 300,000 students each year. Approximately 80 percent of college operating budgets support personnel costs, leaving limited flexibility to absorb rising statewide costs without affecting educational programs and student services.

The community and technical college system's operating budget request includes both maintenance-level and policy-level requests. Maintenance-level requests provide funding needed to continue

current services and implement policies previously enacted by the Legislature. These requests typically include items such as Initiative 732 faculty cost-of-living adjustments, maintenance and operations for newly completed capital projects, utility rate adjustments, and the College Affordability Program tuition backfill, as well as continued funding for ongoing programs and inflationary adjustments. Policy-level requests seek new investments that improve the quality or quantity of educational services provided to students and communities.

The proposed 2027–29 operating budget request focuses on two priorities that address the most significant ongoing cost pressures facing community and technical colleges.

Full State Funding for Compensation, Benefits, and Central Services

In recent biennia, the enacted operating budget has continued the higher education "fund split," under which the state only partially funds legislatively approved compensation increases and certain central service costs. Colleges are required to cover the remaining costs using tuition operating fee revenue and other local resources.

As a result, colleges must use local operating funds to pay for statewide decisions including:

- legislatively approved collective bargaining agreements;
- Initiative 732 faculty cost-of-living adjustments;
- salary increases for exempt and non-represented employees;
- employer benefit cost increases; and
- statewide central service assessments.

Using local funds to cover these state-directed costs reduces resources available for instruction, advising, student support, workforce education, and other services that directly contribute to student success.

Utility Rate Adjustments

Utility costs represent unavoidable operating expenses necessary to maintain safe, functional learning environments. These costs include electricity, natural gas, water, sewer, stormwater, wastewater management, and garbage collection.

Utility expenditures have increased substantially in recent years because of higher rates charged by utility providers and local jurisdictions. Between fiscal years 2022 and 2026, utility costs across the community and technical college system increased approximately 37 percent, representing an increase of almost \$13 million annually (\$9.6 million paid with state and tuition dollars).

Without additional maintenance level funding, colleges will continue to absorb these increases within existing operating budgets, further reducing resources available for instruction, student services, and workforce education.

Together, these two requests would help preserve local tuition operating fee revenue for investments that directly benefit students and support the colleges' ability to deliver high-quality education and workforce training.

Recommendation/preferred result

Staff recommend adoption of resolution 26-08-33

The final funding amounts will be calculated after updated statewide compensation, benefit, and utility data from fiscal year 2026 is available and will be incorporated into the budget request submitted to the Office of Financial Management.

Policy Manual Change Yes ☐ No ☒

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STATE OF WASHINGTON
STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES
RESOLUTION 26-08-33

A resolution relating to the 2027-29 biennial operating budget request.

WHEREAS, under RCW 28B.50.090 the State Board submits a single budget request to the governor and Legislature on behalf of Washington's 34 community and technical colleges; and

WHEREAS, SBCTC staff, in collaboration with community and technical college presidents and system budget leaders, developed the proposed 2027–29 operating budget request priorities through a collaborative process; and

WHEREAS, the proposed 2027–29 operating budget priorities address significant statewide cost pressures affecting community and technical colleges by requesting:

- Full state funding for all legislatively approved employee compensation increases, employer benefit cost changes, and central service rate increases; and
- Utility rate adjustments to address continued increases in electricity, natural gas, water, sewer, stormwater, wastewater management, and garbage collection costs at Washington's community and technical colleges; and

WHEREAS, these priorities support the financial sustainability of colleges and help preserve resources for instruction, workforce education, and student services;

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges approves the proposed 2027–29 biennial operating budget request priorities as presented; 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 August 19, 2026

Attest



Nate Humphrey, secretary



Martin Valadez, chair