



**STATE OF WASHINGTON
STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES
RESOLUTION 23-06-26**

A resolution relating to the 2023-25 enacted operating budget and the fiscal year 2024 allocation.

WHEREAS, the State Board for Community and Technical Colleges submitted a 2023-25 biennial operating budget request to make significant improvements in the funding provided for the 2023-25 biennium; and

WHEREAS, the 2023 Legislature passed a 2023-25 biennial operating budget with funding for fiscal year 2024 outlined in Attachment A; and

THEREFORE BE IT RESOLVED, that the State Board for Community and Technical Colleges authorizes the allocation of funds for fiscal year 2024 as outlined in Attachment A; 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 6/29/2023

Attest

Phyllis Gutiérrez Kenney, chair

Paul Francis, secretary

FY 2024 Operating Budget Allocation

Allocation Model Components	FY 2023	FY 2024 <i>Dollars in millions</i>
<p>Minimum Operating Allocation</p> <p>The model assumes every college requires a minimum amount for campus operations. Each college receives \$2.85 million annually. These funds are intended to support facility operations and maintenance. A small portion of this funding (\$11.4 million) comes from the capital budget due to a 2003 fund swap where the Legislature replaced state operating funds for maintenance and operating with capital projects account funding. The remaining \$85.5 million comes from the operating budget.</p>	<p>\$85.5 \$11.4 Capital*</p>	<p>\$85.5 \$11.4 Capital*</p>
<p>Performance Funding</p> <p>Student Achievement Initiative</p> <p>Five percent of the total state appropriation is committed to performance funding in the allocation model. Included in this amount is \$5.25 million provided annually through a proviso for performance funding in the enacted budget. This allocation is based upon points and performance outcomes in academic year 2021-22.</p>	<p>\$52.2</p>	<p>\$57.3</p>
<p>District Enrollment Allocation Base</p> <p>Provides base funding in accordance with each district’s annual enrollment target. The State Board has retained the system enrollment target of 139,927, which was included in the state operating budgets until 2017. District targets are a share of the system target based on a rolling three-year average of their enrollments. However, in recent years colleges have struggled to meet their targets due to declining enrollment levels. In FY 2024 none of the colleges will exceed their target. In FY 2024, each FTE has a value of \$3,504. That is \$312 higher per FTE than in FY 2023.</p>	<p>\$418.2</p>	<p>\$459.0</p>
<p>Priority Weighted Enrollments</p> <p>Under the allocation model, four enrollment categories receive an additional weight of 0.3 (a value of \$1,051) per student FTE. As indicated below, the skills gap and adult basic education categories make up the bulk of these enrollments. Academic year 21-22 shows a 1.5% increase in adult basic education while STEM enrollments experienced a 1.5% decrease. BAS enrollment held steady and the slight decrease for Skills Gap was less the ½ a percent. The total number of weighted FTE is 15,010, approximately 614 more FTE than in FY 2023. The breakdown of total weighted FTE in the four categories are as follow:</p> <ol style="list-style-type: none"> 1. Skills Gap – 45% 2. Adult Basic Education – 33% 3. STEM – 17% 4. Upper-level Applied Baccalaureate – 8% 	<p>\$46.0</p>	<p>\$52.6</p>
<p>TOTAL IN OPERATING ALLOCATION MODEL</p>	<p>\$601.9</p>	<p>\$654.5</p>

*Not included in total operating allocation model amounts.

Safe Harbor Components

In simple terms, “safe harbor” means funds held outside the allocation model for specific purposes. There are three categories of funding within safe harbor. Each is described below, and the corresponding allocation components follow the description.

Compensation, maintenance and operations (M&O), and leases earmarks – Compensation funding includes: wage increases, health benefit rate changes, paid family leave, and pension rate change. Annual compensation funds have been distributed based on each district's share of salary expenditures in the prior fiscal year. Based on the policy adopted in 2017, annual allocations for employee compensation, building M&O, and lease increases are held in safe harbor for four years. In the fifth year, the annual allocations that have been held in safe harbor for four years will be added to the enrollment base funding in the allocation model. *For example, a wage increase for FY 2020 is held in safe harbor from FY 2020 to FY 2023. In FY 2022, \$21 million in compensation, M&O, and leases that were placed in safe harbor in FY 2018 will be rolled back into the allocation model.*

Compensation, M&O, and Leases Earmarks (held in safe harbor four years)

<p>I-732 Cost of Living Adjustment</p> <p>The budget provides authority for an I-732 COLA at the rate of 8.92 percent for fiscal year 2024. I-732 funding is provided to faculty at all colleges and classified employees at the technical colleges.</p>	<p>\$37.3 million</p>
<p>General Wage Increases</p> <p>The legislature provided a 4% salary increase for non-represented, exempt employees.</p>	<p>\$10.2 million</p>
<p>WPEA and WFSE Represented Classified</p> <p>Represented classified employees will receive a 4% wage increase.</p>	<p>\$12.3 million</p>
<p>Employee Health Insurance Contributions</p> <p>The Public Employee Benefit Board (PEBB) rate will increase to \$1,145 per employee per month in FY 2024, a \$15 increase from the current year.</p>	<p>\$1.9 million</p>
<p>Pension</p> <p>Includes ESSB 5294 adjustments related to significant overfunding of PERS 1 due to the UAAL funding policy.</p>	<p>\$ -3.0 million</p>
<p>Maintenance & Operations</p> <p>These funds are related to maintaining newly completed buildings expected to open in FY 2024 at Grays Harbor, Everett, Pierce College Puyallup, and Olympic.</p>	<p>\$937,000</p>

State Board Earmarks – Funds in this category often began as legislative provisos but are now included in the State Board’s base funding from the state. These funds are usually dedicated for specific purposes or programs identified as a high priority of the State Board, such as aerospace enrollments, Centers of Excellence, and Opportunity Grants. Generally, they are distributed based on State Board policy and under the guidance of the Executive Director with methods unique to the purpose or program.

State Board Earmarks - Ongoing Programs

	FY 2023	FY 2024	<i>Change</i>
Adult Basic Education Enrollments & Program	550,547	550,547	0
Aerospace Apprenticeships	2,720,407	2,720,407	0
Aerospace Enrollments (1000 FTES)	8,000,000	8,000,000	0
Centers of Excellence	2,041,570	2,041,570	0
Corrections Education Contract	597,310	597,310	0
Disability Accommodations	1,740,806	1,740,806	0
Hospital Employee Education & Training	2,039,306	2,039,306	0
Goldstar Families – HB 2009	381,000	381,000	0
Opportunity Grants	12,500,000	12,500,000	0
Students of Color	1,011,628	1,011,628	0
Workforce Development Projects	1,569,945	1,569,945	0
Total	33,152,519	33,152,519	0

State Board Earmarks - Specific colleges

	FY 2023	FY 2024	<i>Change</i>
Alternate Finance Project Debt Service (Bellingham, Clover Park, Green River, Lower Columbia, and Skagit Valley)	11,218,000	10,684,000	-534,000
Labor Education and Research Center (So. Seattle)	162,868	162,868	0
Maritime Industries (Seattle)	255,000	255,000	0
Employment Resource Center (Edmonds)	1,139,716	1,139,716	0
University Contracts (Clark, Edmonds, Olympic, Pierce)	942,621	942,621	0
Total	13,718,205	13,184,205	-534,000

Legislative Provisos – Legislative provisos are usually provided on an ongoing or one-time basis for specific programs or projects of interest to state policy makers. The 2023-25 enacted budget bill includes 51 monetary provisos with funding dedicated to specific uses. These funds are restricted to those uses as described by the legislature. Examples include Worker Retraining, Guided Pathways, and MESA.

Legislative Provisos

\$267.4 million

	FY 2023	FY 2024	Change
Allied Health Programs (Peninsula and Seattle)	775,000	775,000	0
Aerospace Center of Excellence (Everett)	100,000	100,000	0
Aerospace & Advanced Mfg. COE (in Vancouver)	150,000	150,000	0
Apprenticeship & Higher Ed ESSB 5764	331,000	954,000	623,000
Behavioral Health Credentials (Highline)	150,000	150,000	0
Career Connect Washington Enrollments	3,000,000	3,000,000	0
Centers of Excellence	455,000	1,086,000	631,000
Civic Ed and Leadership Training	0	100,000	100,000
College Affordability Program	22,564,000	23,748,000	1,184,000
College in the High School Courses	0	250,000	250,000
College in the High School 2SSB 5048	0	3,735,000	3,735,000
Compensation/Foundational Support	15,220,000	15,220,000	0
Compensation Fund Split	4,146,000	19,850,000	15,704,000
Cybersecurity 500 Enrollments*	3,509,000	4,668,000	1,159,000
Dental Therapy Education	0	1,000,000	1,000,000
Diversity in Higher Education (SB 5227)	1,119,000	3,534,000	2,415,000
DEI Continued Support	0	6,000,000	6,000,000
Dual Credit CTE	0	350,000	350,000
Equity and Access in Higher Education (SB 5194)	8,499,000	10,237,000	1,738,000
Fabrication Wing Training Program (Edmonds)	1,500,000	1,500,000	0
Federal Way Ed Initiative (Highline)	500,000	500,000	0
Financial Aid Outreach w/ CBOs	1,500,000	1,500,000	0
Guided Pathways (includes earmark)	41,932,000	41,932,000	0
Healthcare Access	80,000	80,000	0
High Demand Enrollments	1,000,000	1,000,000	0
High Demand Faculty Salaries	20,000,000	20,000,000	0
I-BEST	750,000	750,000	0
Job Skills Program	7,725,000	7,725,000	0
Labor Education Research Center (S. Seattle)	338,000	338,000	0
Law Enforcement Workforce Workgroup	0	200,000	200,000
Maritime Academy & Maritime Apprenticeship	0	528,000	528,000
MESA Community College Programs	1,610,000	2,062,000	452,000
Nurse Educator Salary Increase	20,400,000	20,400,000	0
Nurse Enrollment Increases	2,160,000	3,360,000	1,200,000
Nurse Supply ESSSB 5582	0	293,000	293,000

Opportunity Center for Employment and Ed	216,000	216,000	0
Opportunity Grants Health Workforce	4,000,000	4,000,000	0
Performance Funding (SAI)	5,250,000	5,250,000	0
Postsecondary Education SSHB 1835	1,500,000	1,500,000	0
Refugee Education	2,728,000	3,228,000	500,000
Renton Tech RS and Adult Ed Outreach	243,000	443,000	200,000
SIM Lab Equipment Ops and Maintenance*	8,000,000	1,600,000	-6,400,000
Student Emergency Assistance Grants HB 1893	4,750,000	4,750,000	0
Student Needs SHB 1550	0	2,618,000	2,618,000
Students Experiencing Homelessness (earmarks)	3,796,000	3,796,000	0
Truck/School Bus Driver Training	2,500,000	3,000,000	500,000
Wildfire Prevention Program (Wenatchee)	157,000	157,000	0
Worker Retraining (proviso & earmark combined)	39,759,000	39,759,000	0
Total	232,412,000	267,392,000	34,980,000

*reflects a custom biennial amount FY23

Other Funding Outside the Allocation Model

State Board Operations, IT Services, Central Services and System Reserves \$39.7 million

State Board agency operations, including its IT support division, have a FY 2024 budget of \$18.3 million. That is a 3.2 percent increase over last year.

System reserves include:

- \$ 12.0 million for central service charges (no change)
- \$ 3.9 million for the self-insurance premium (no change)
- \$ 2.5 million for supplemental pension plan payments (no change)
- \$ 3.0 million in system reserves for unanticipated expenses (no change)

\$21.4 million held in reserve July 1, 2023

State Board Bill Related Earmarks and Provisos \$2.2 million

\$18,000	Careers in Retail HB2019
\$16,000	Postsecondary Enrollment
\$2,068,000	Benefits Litigation - Wolf and Rush
\$121,000	System Out-of-State Payroll Specialist

Innovation Account Funding – Two Percent of Tuition Dedicated to the Innovation Account

As recommended by college presidents and in accordance with Resolution 21-06-37, the percentage of tuition dedicated to the Innovation Account is reduced from 3% to 2%.

Allocation Methods for Significant New Funding

FY 2024	Amount	Presidents' & Staff Recommendations for Allocation
SB 5227 Diversity in Higher Education	\$2.415 million	Additional funds distributed equally to each college for climate survey, one-time training development, and student DEI training.
SB 5194 Equity & Access in Higher Education	\$4.337 million	Additional funds distributed at a flat rate per college to support outreach to students, DEI strategic planning and any faculty conversion costs above the amount provided in the base.
DEI Support ONE-TIME Funding	\$6.0 million	Distribution based on prorated share of three-year average headcount of historically underrepresented students of color (50%) and three-year average headcount of all students (50%).
Nursing Enrollments	\$1.2 million	Colleges express interest in additional enrollments.
Student Needs HB 1559	\$2.6 million	\$960,000 for four pilot schools to develop basic needs meal program strategic plan. \$48,000 per college for navigator and planning
Refugee Education	\$1.5 million	Additional funds will be made available to colleges with an influx of refugees based on expressed interest.
Compensation Items I-732 (8.92%), Represented Classified WPEA & WFSE (4%), General Wage (4%) Fund Split Proviso Health and Pension Benefits	\$78.5 million	Continuing current policy. Distribute according to share of payroll and hold in safe harbor for four-years.