



2023-25 CAPITAL BUDGET DEVELOPMENT WORKSHOP

July 15 and August 5, 2021



AGENDA

- Welcome
- State Funding
- Construction Cost Trends
- Facility and Infrastructure Survey
- Minor Projects
- Major Projects
- Locally Financed Projects



Welcome and Introductions

You

Choi Halladay, Deputy Executive Director for Business Operations

Wayne Doty, Capital Budget Director

Steve Lewandowski, Principal Architect

Cheryl Bivens, Capital Budget Analyst



Capital Principles

We are required to prioritize our requests for new appropriations.

Funding for maintenance and operation of existing facilities is our top priority.

Next comes funding for emergencies, minor repairs, and minor program improvement projects to take care of existing facilities.

Major projects are added to a pipeline of projects, in rank order from the most recent selection, below the projects already in the pipeline.

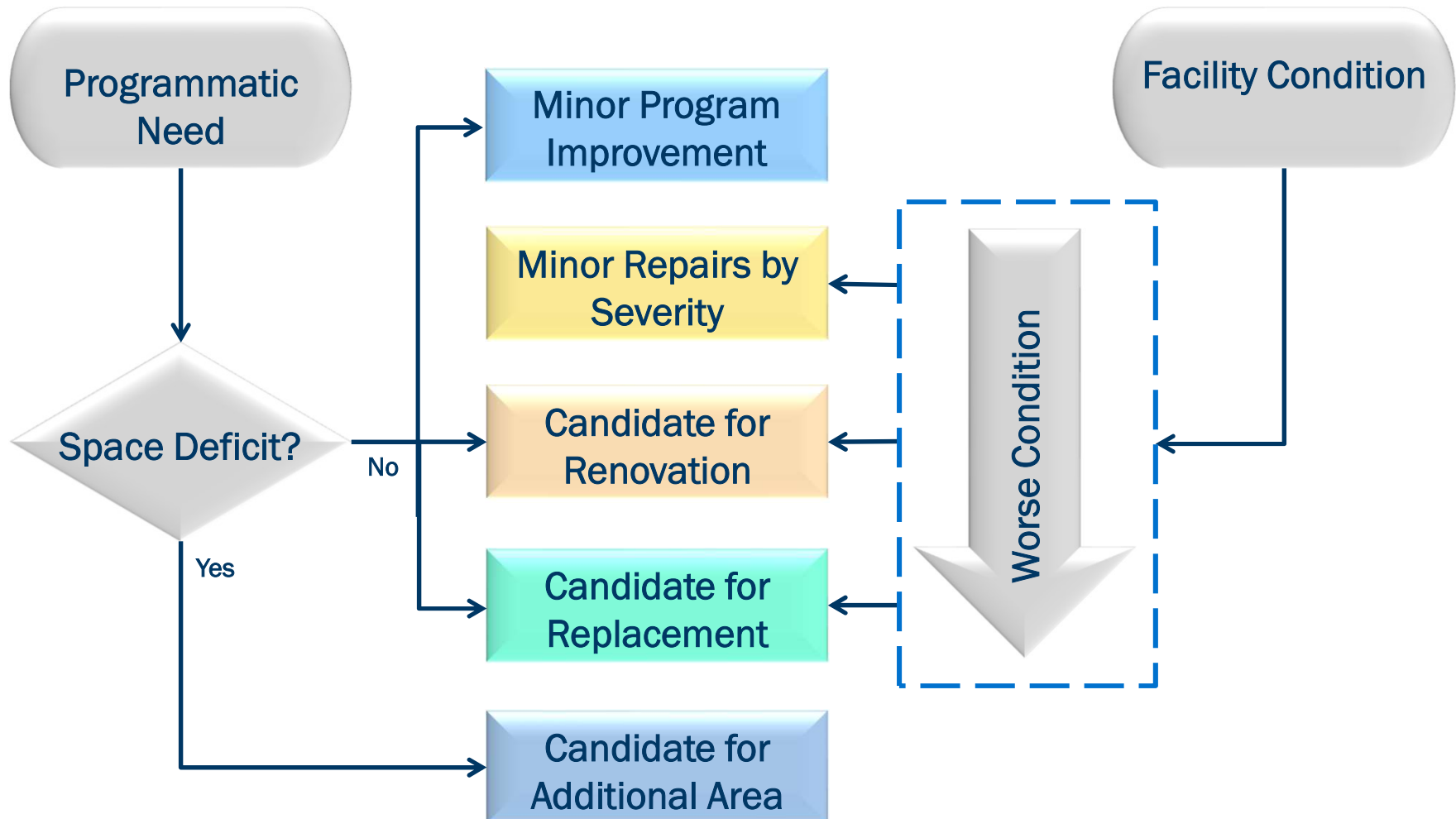
Requests are structured so that major projects are constructed in pipeline order. This includes requesting design-phase funding the biennium before construction is anticipated.

Projects stay in the pipeline until funded for construction.

WACTC has a policy to avoid end-runs.

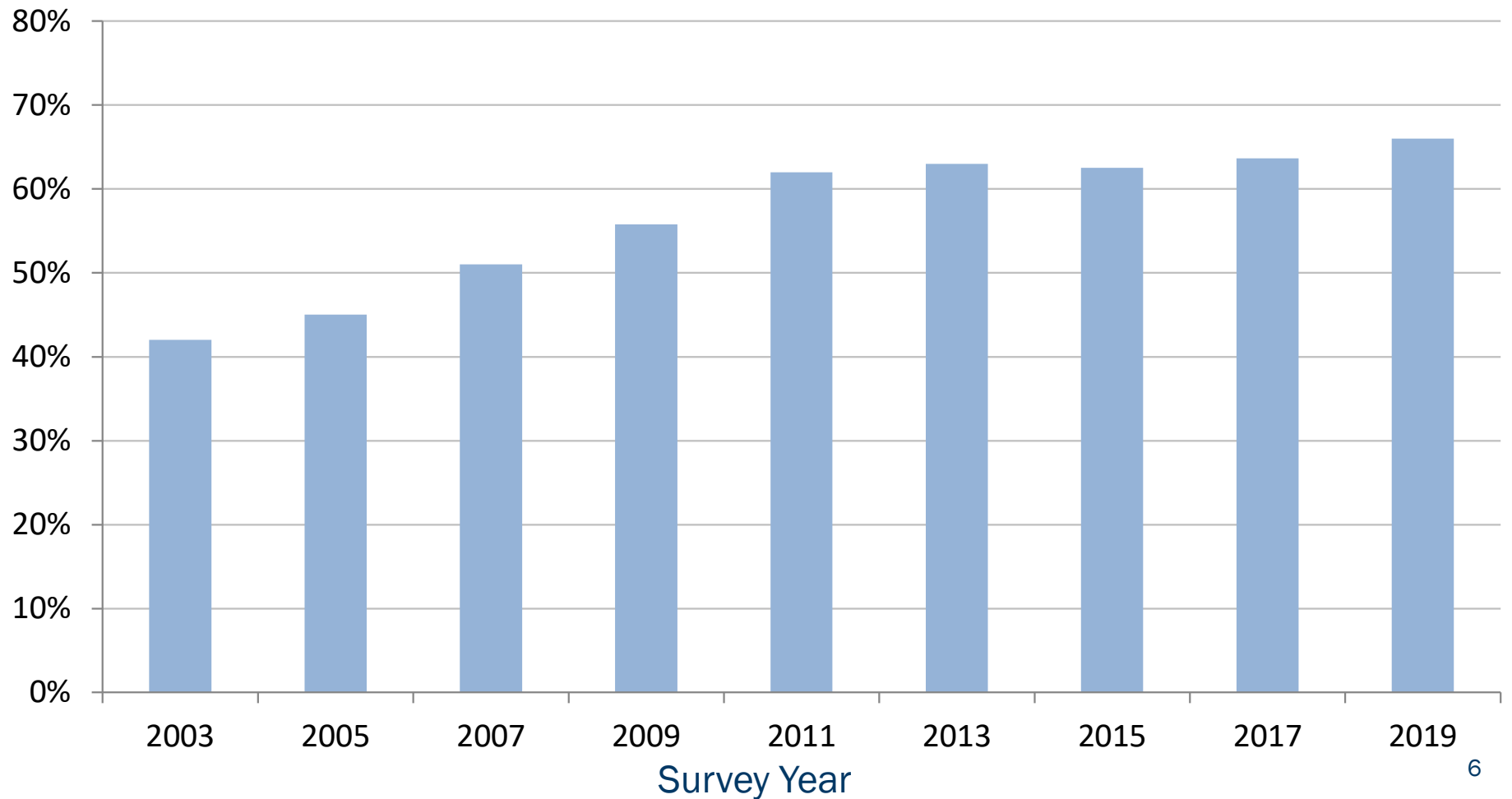


Prioritization of facility needs



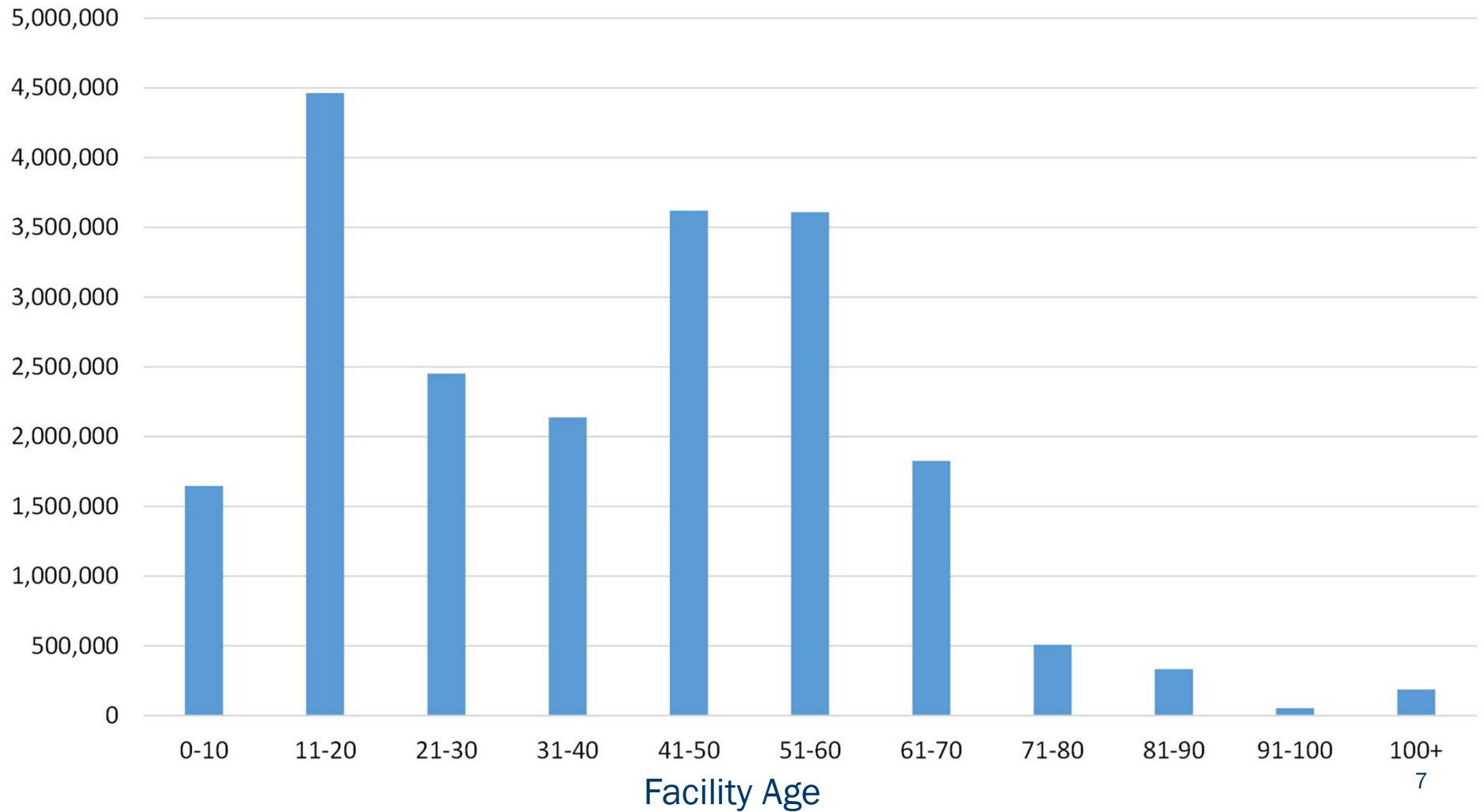


Portion of facilities in adequate or better condition





System facility area by age





Development Timeline

March – May 2020	Collected feedback on previous biennium process and outcomes
June 2020 – May 2021	System developed recommendations for improvement
March – December 2021	State Board staff evaluating facility and infrastructure conditions
June 2021	State Board adopted criteria for request
July – August 2021	Share information in budget development workshops
June – December 2021	Colleges develop major and minor program project proposals
December 2021	Colleges submit major project proposals
January – February 2022	System task force scores proposals
February 2022	Colleges review minor repair and infrastructure projects
April 2022	Colleges submit minor program project and financing requests
March – May 2022	Staff build request for new and re-appropriations
May – September 2022	State Board adopts and staff submits request
December 2022	Governor’s proposal
January – April 2023	Legislative proposals
May – June 2023	Enacted budget
July 2023 – June 2025	State Board staff and colleges implement the budget

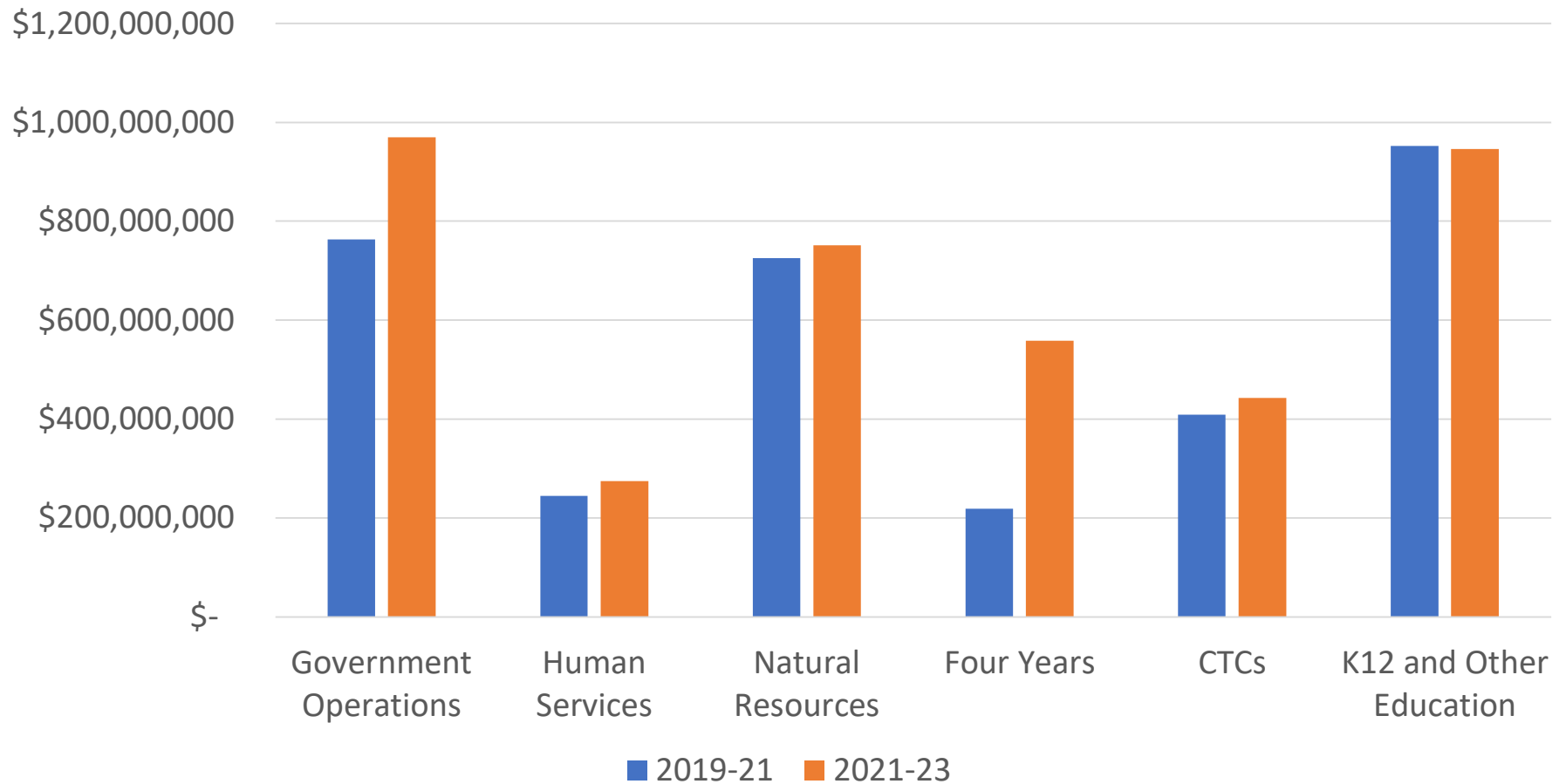


FUNDING



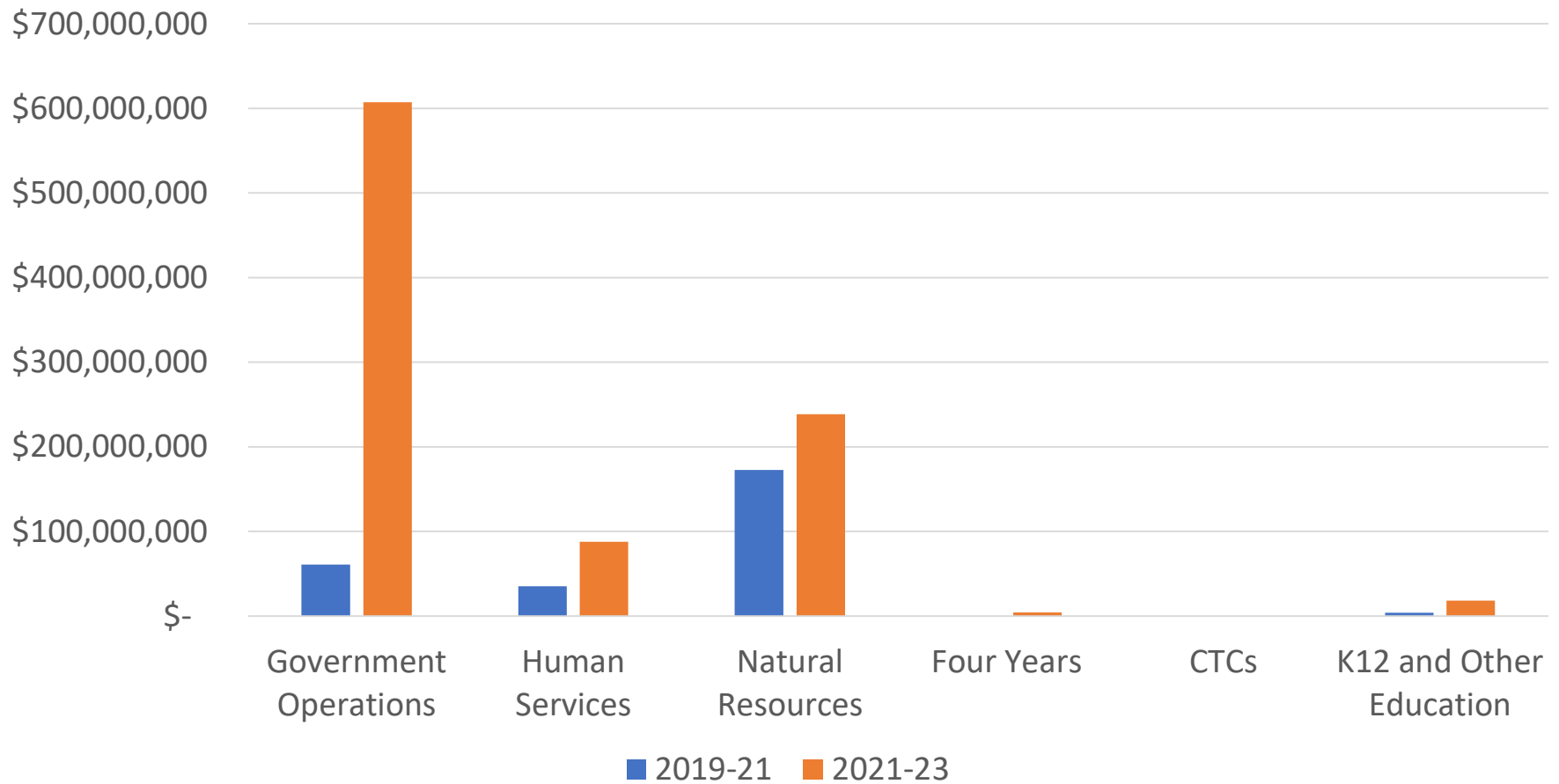


Debt Limited State Bonds in the Capital Budget





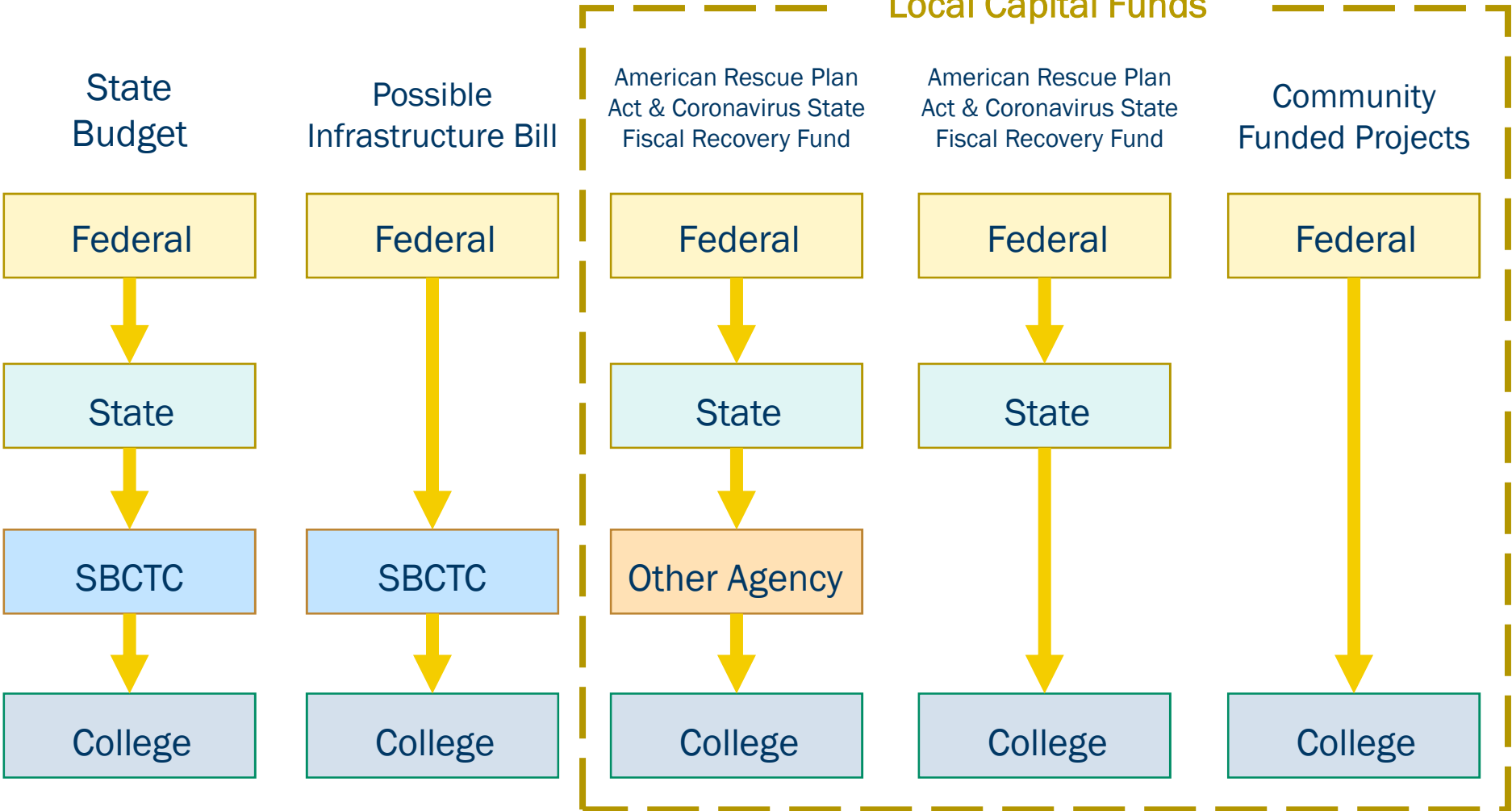
Federal Money in State Capital Budgets





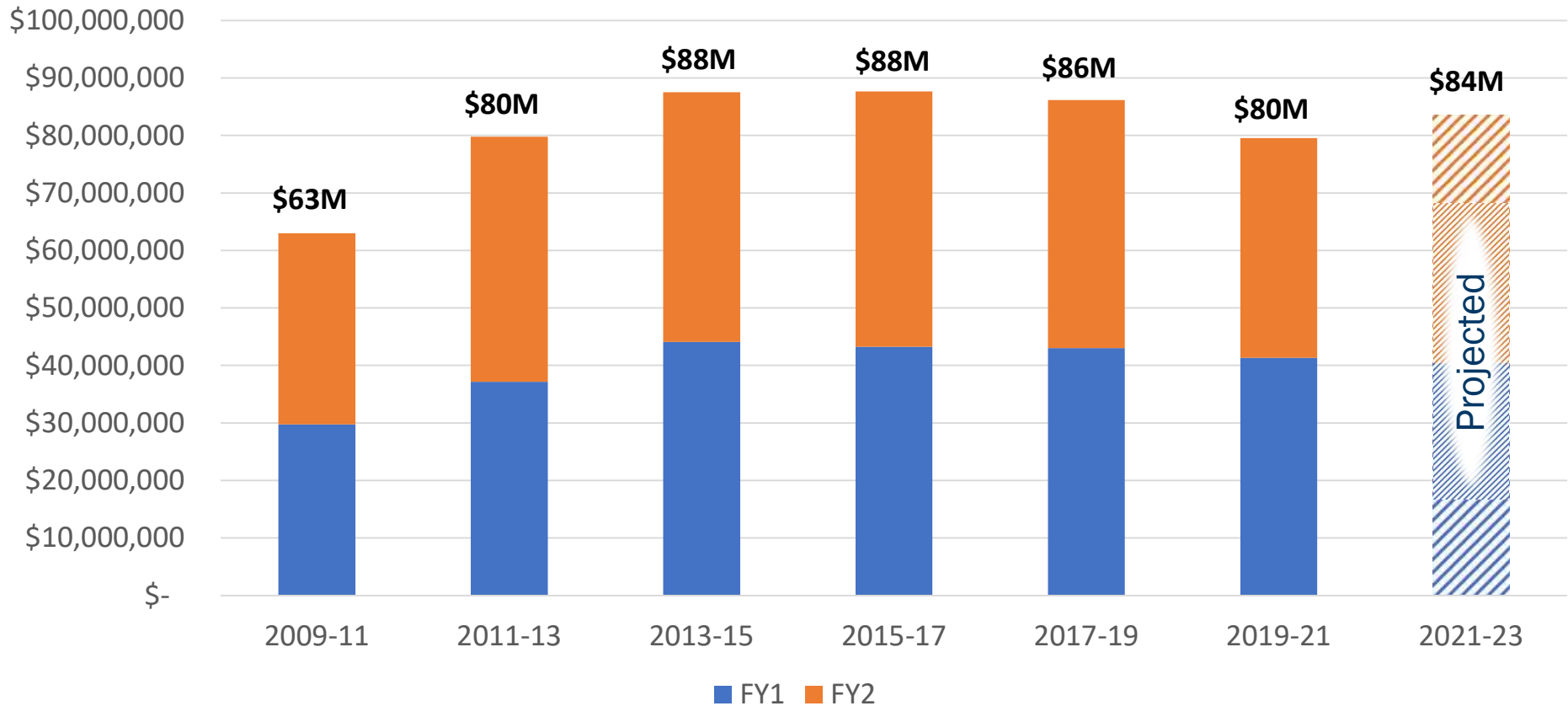
How Federal Money Flows

Local Capital Funds





Building Fee Revenue



In 2021-23, \$22,480,000 of the Building Fee revenue is appropriated in the Operating budget. \$20,830,000 of this is for debt service on five major projects and \$1,650,000 is for a fund swap that started in 2019.



CONSTRUCTION COST TRENDS



Lumber price per thousand board feet

Cash price is down -55% from its \$1,515 all-time high set on May 28, 2021



CHART: LANCE LAMBERT • SOURCE: FASTMARKETS RANDOM LENGTHS FRAMING LUMBER COMPOSITE PRICE



Price of steel continues to soar

Hot-Rolled Coil Steel Futures Continuous Contract



CHART: LANCE LAMBERT • SOURCE: MARKETWATCH



The following two slides are excerpts from:



June 15, 2021

U.S. & Washington Construction Outlook: Pandemic Impacts, Policy Initiatives, Project Implications

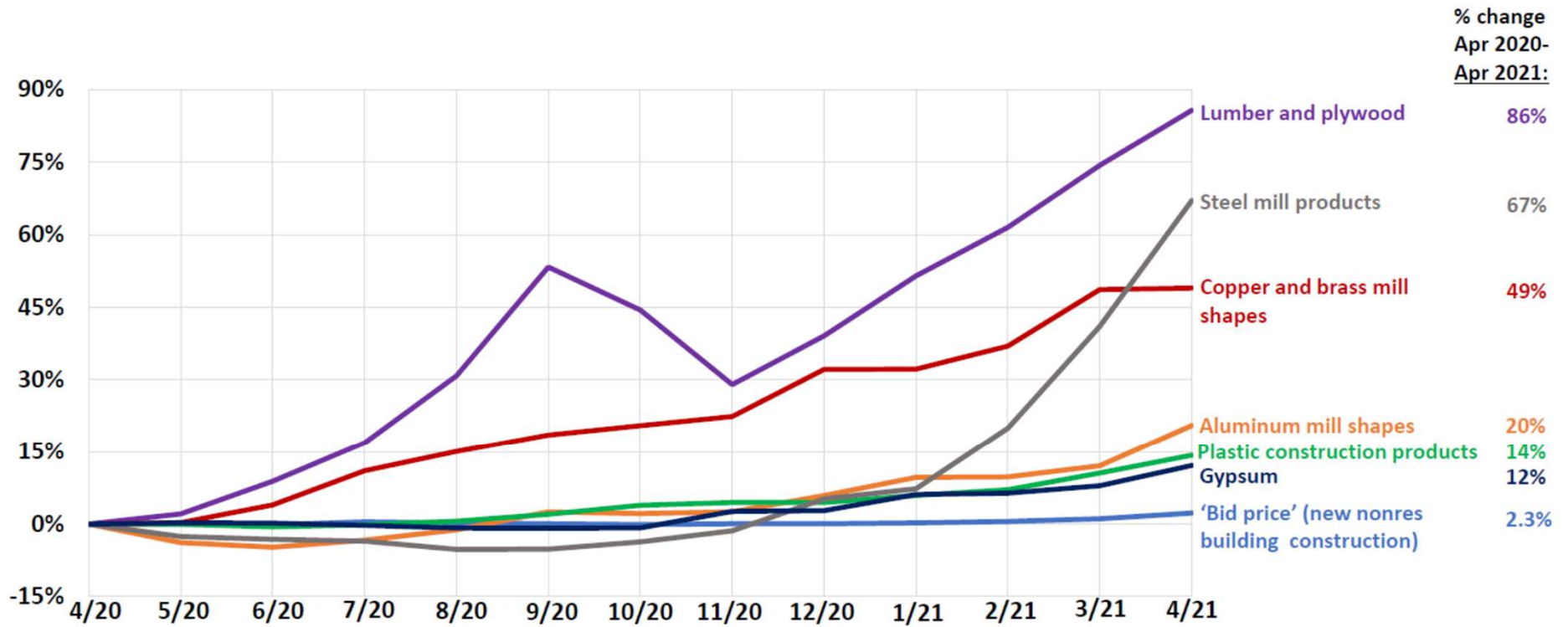
Ken Simonson
Chief Economist, AGC of America
ken.simonson@agc.org

The full presentation is available here –

<https://www.agcwa.com/wp-content/uploads/2021/06/K.Simonson-Wash.-State-outlook.pdf>

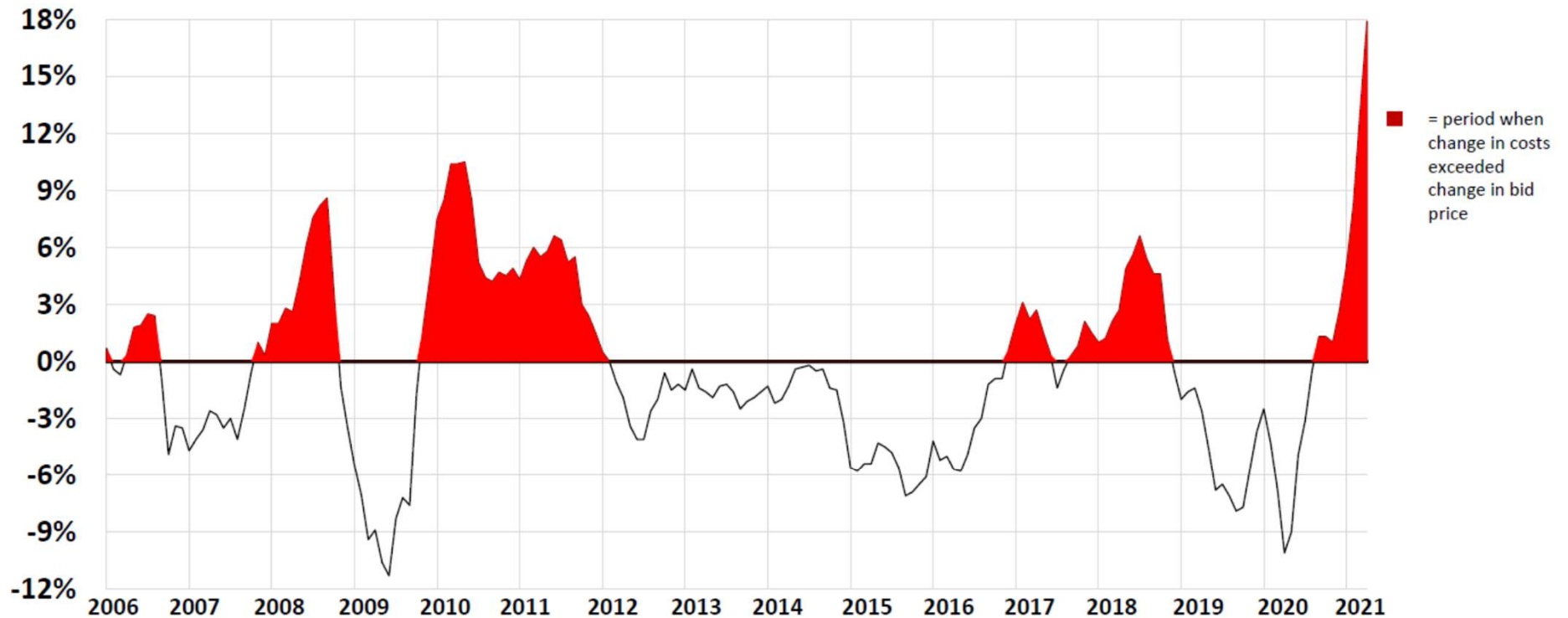
PPIs for construction and selected inputs

cumulative change in PPIs, Apr 2020 -Apr 2021 (not seasonally adjusted)

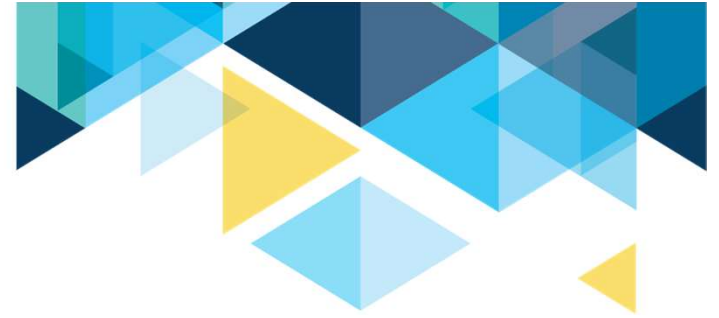


Cost squeeze on contractors can last two years or more

Difference between year-over-year change in materials costs vs. bid prices, Jan 2006-Apr 2021

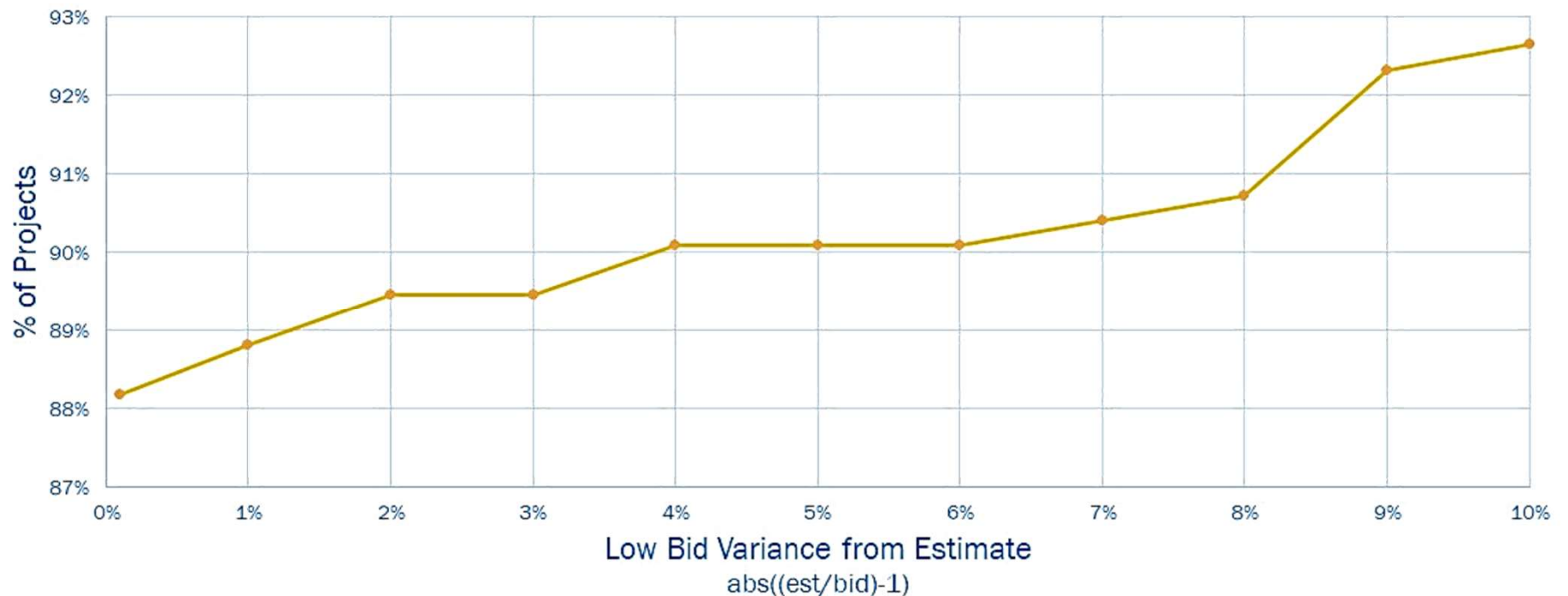


Source: Bureau of Labor Statistics, producer price indexes for goods inputs to nonresidential construction (material costs) and new warehouse construction (bid prices)



DES E&AS Bids Relative to Engineer's Estimates

- DES bid 339 CTC projects from July 7, 2014 through June 29, 2021
- 282 of the 313 (90%) for which we have data were within 4% of the estimate
- 11 of the 12 (92%) major projects were within 4% of the estimate





Allowable Escalation

The Office of Financial Management sets the allowable escalation rates for estimating future state-funded project costs.

<u>Effective</u>	<u>Rate</u>	<u>Effective</u>	<u>Rate</u>
7/1/2013	3.00%	7/1/2017	2.80%
7/1/2015	3.08%	7/1/2019	3.12%
6/1/2020	2.38%	6/1/2021	3.28%



FACILITY AND INFRASTRUCTURE SURVEY



Facility Condition Survey





Facility Condition Survey – Overview

- Surveys scheduled from Feb – Dec 2021
- “Preparation” documents have been provided with Outlook meeting invite
- Facility Condition Survey Tool is available : sbctc.edu
- Results of the survey will be used to ask for repair funding in the 2023-25 capital budget
- 2019 building condition scores will be used for 2023-25 major capital project requests



Facility Condition Survey - Process

- The survey is completed roughly every two years at each college.
- All owned buildings are evaluated and scored based on the condition of 20 distinct core systems.
- Building, roof and site deficiencies are evaluated and scored.
- Special focus on accessibility compliance for colleges that are included in the Office for Civil Rights audit targeting plan.
- Each report provides a snapshot of the condition of college facilities, campus planning and informative comparisons related to their maintenance effort.
- Deficiencies identified during the survey are ranked by score. The highest ranking deficiencies are included in the next capital budget proposal as minor works repair projects.
- The building condition scores is roughly 15% of the points available for major renovation or replacement projects.
- Minor works funding becomes available 2 years after survey (on average).



Infrastructure Condition Survey





Infrastructure Condition Survey - Overview

- Surveys completed from July 2019 – March 2020
- Roughly 6,000 assets were recorded, scored and ranked using the Infrastructure Condition Survey Tool
- Results of the survey were used to ask for \$34M in the 2021-23 capital budget request. This included roughly 250 assets.
- Roughly \$8M is included in the enacted capital budget (It's a start).
- The survey data will be used to help develop future budget requests.



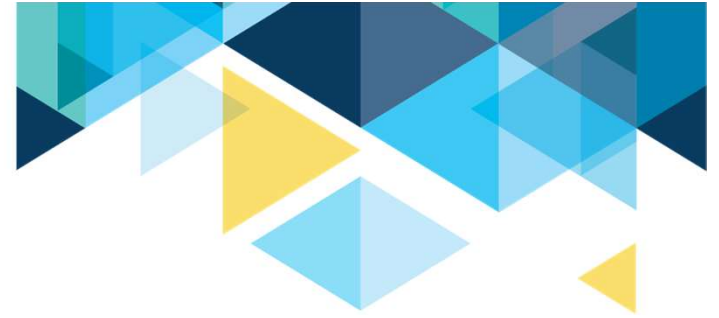


Infrastructure Condition Survey - Process

- State board staff completed the one-time survey at each college.
- The survey was completed using available documentation and support provided by colleges.
- All owned infrastructure assets were evaluated, scored and ranked based on their documented age, composition, installation and importance.
- A final report was completed with information related to all assets that were included in the 2021-23 budget request.
- Future budget requests will include subsequent groups of the remaining highest ranked assets.



MINOR PROJECTS





2023-25 Minor Project Funding Targets

Category	2021-23 Request	2023-25 Request
Preventative Maintenance (O&M fund swap)	\$22,800,000	\$22,800,000
Preservation (URF)	\$26,113,000	\$28,724,000
Roof, Facility & Site Repairs	\$47,487,000	\$52,236,000
Infrastructure Replacements	\$33,981,000	\$37,379,000
Program Improvements	\$32,242,000	\$35,466,000
Minor Work Sub-total	\$162,623,000	\$176,605,000



Unanticipated Repair and Program Improvement Funding Formulas

Factors	URF	MPI
College share of system total FTE	35%	30%
College share of GSF of owned buildings	35%	35%
College share of GSF in buildings > 25 years old	30%	35%



Preliminary URF & program distribution based on Fall 2020 enrollment and inventory – to be updated with Fall 2021 data

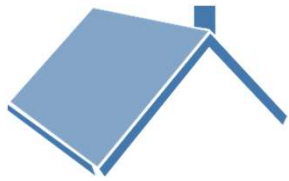
College	URF	Minor Program
Bates	\$ 738,000	\$ 1,121,000
Bellevue	\$ 1,318,000	\$ 1,626,000
Bellingham	\$ 327,000	\$ 665,000
Big Bend	\$ 491,000	\$ 850,000
Cascadia	\$ 203,000	\$ 518,000
Centralia	\$ 383,000	\$ 721,000
Clark	\$ 1,054,000	\$ 1,412,000
Clover Park	\$ 562,000	\$ 906,000
Columbia Basin	\$ 920,000	\$ 1,259,000
Edmonds	\$ 880,000	\$ 1,228,000
Everett	\$ 935,000	\$ 1,271,000
Grays Harbor	\$ 343,000	\$ 685,000
Green River	\$ 919,000	\$ 1,237,000
Highline	\$ 830,000	\$ 1,166,000
Lake Washington	\$ 538,000	\$ 887,000
Lower Columbia	\$ 546,000	\$ 902,000
Olympic	\$ 691,000	\$ 1,024,000
Peninsula	\$ 287,000	\$ 620,000
Pierce	\$ 963,000	\$ 1,624,000
Renton	\$ 563,000	\$ 916,000

College	URF	Minor Program
Seattle Central	\$ 1,170,000	\$ 1,562,000
Seattle District	\$ 45,000	\$ 51,000
Seattle North	\$ 772,000	\$ 1,136,000
Seattle South	\$ 729,000	\$ 1,082,000
Shoreline	\$ 651,000	\$ 989,000
Skagit Valley	\$ 630,000	\$ 977,000
South Puget Sound	\$ 625,000	\$ 958,000
Spokane	\$ 1,418,000	\$ 1,818,000
Spokane Falls	\$ 838,000	\$ 1,209,000
Tacoma	\$ 709,000	\$ 1,040,000
Walla Walla	\$ 697,000	\$ 1,066,000
Wenatchee Valley	\$ 513,000	\$ 856,000
Whatcom	\$ 488,000	\$ 817,000
Yakima Valley	\$ 897,000	\$ 1,267,000
College Total	\$ 23,673,000	\$ 35,466,000
System Pools & State Board	\$ 5,051,000	\$ -
Request Total	\$ 28,724,000	\$ 35,466,000



Minor Works Repair Projects

- Typical capital budget appropriations



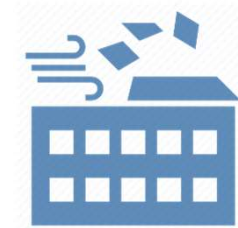
Roof



Facility



Site &
Infrastructure



URF (RMI)

- Funds provided to repair existing assets
- Up to 25% of projects can be used for related improvements
- Locally acquired buildings qualify for repair funds after 6 years of ownership (no minimum for constructed buildings)



Unanticipated Repair Funds

Allowable Expenditures
Emergency project match
Code or Regulatory compliance
Emergent capital repairs
Deferred capital repairs
Supplement capital repairs
ADA compliance

Unallowable Expenditures
Maintenance & Operations
Enterprise operations
Salaries & Benefits (some exceptions)
Instructional equipment
Equipment / Furnishings
Leased facilities
Parking
Student government
Energy conservation
Telecommunications / IT

Minor Works Program Improvement projects

- Projects must cost between \$25,000 and \$2,000,000.
- Funds can be used to preserve or improve facilities.
- A college may submit one or more projects within its share of the funding target.
- Projects should be chosen to reflect college goals to improve the educational environment or provide better access to childcare or student services.
- The legislature expects these projects to be completed in the biennium they are funded.
- Do not include costs that are traditionally paid from the operating budget.
- Do not propose projects that support enterprise activities, increase space, procure property, or have any operating budget impact.

Scheduling Minor Work

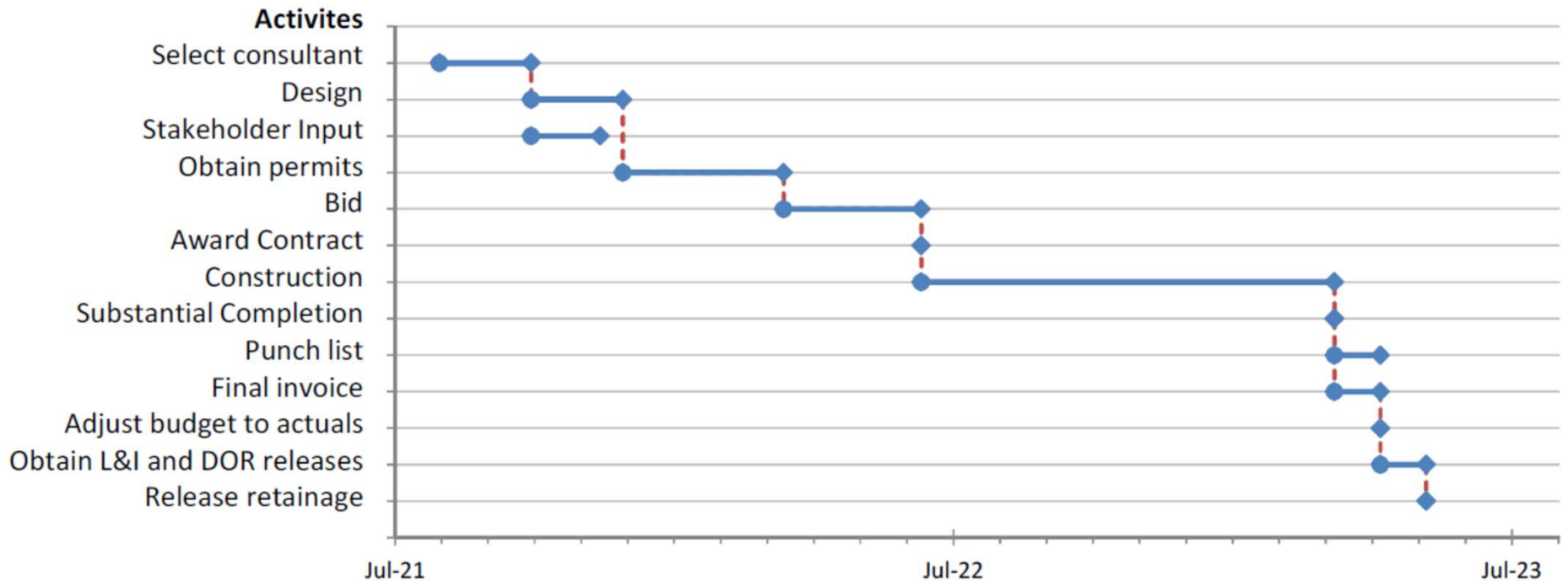
Activity	Duration	Predecessor Activity
Select consultant	60 days	Receive allocation
Design – Roof or Site Repair	30 – 60 days	Consultant selection
Design – Facility Repair or Program Improvement	60 days	Consultant selection
Stakeholder Input – Program Improvement	30 to 90 days	Consultant selection
Obtain permits	30 to 180 days	Design
Material acquisition, if self-performing	30 days	Permits
Bid *	90 days	Permits
Award Contract *	Milestone	Bid
Construction – Roof or Site Repair	30 - 60 days **	Award
Construction – Facility Repair	180 days	Award
Construction – Program Improvement	270 days	Award
Substantial Completion	Milestone	Construction
Punch list	30 days	Construction
Final invoice *	30 days	Construction
Adjust budget to actuals	Milestone	Final invoice
Obtain L&I and DOR releases *	30 days	Final invoice
Release retainage *	Milestone	Releases
Request new minor subproject to be added to the list, if there are any savings. We try to do these quarterly.	90 days	Final invoice
Warranty period *	365 days	Substantial Completion
Warranty walkthrough *	300 – 340 days	Substantial Completion

* For work that is not self-performed.

** Adjust duration for weather dependent activities.



Typical schedule based on average durations





Minor project list changes after funds are allocated

What can you change?

- Move funds between existing projects within each appropriation (fast)
- Re-purpose funds to add new scope of work (slower)

How to get it done:

- Minor works project change tool on website
- Funds cannot be moved between appropriations for roof, facility, site, program, or infrastructure lists
- Program project funds are most flexible
- Program project request form on website

<https://www.sbctc.edu/colleges-staff/programs-services/capital-budget/allocation-monitoring.aspx>



Emergency Funding Pool

\$2 Million of the Minor Works Preservation appropriation is managed by the State Board for unexpected emergency events.

- ✓ Life safety and property risks must be addressed
- ✓ Catastrophic loss or failure of a building or system
- ✓ College programs placed at risk
- ✓ Delays would cause expensive collateral damage and can't be deferred





Restricted use of funding from emergency pool

Emergency funds are not available to:

- ✓ Augment a non-emergency local-capital project.
- ✓ Augment another state-funded project.
- ✓ Construct a repair or replacement that could be deferred to the next budget cycle

Limited funding is allocated on a first-come first-served basis.

The State Board will initially allocate funds based on a cost estimate and make final adjustments after actual costs have been realized.



What is the process to request emergency funds?

- ✓ Take care of the immediate need for people and property
- ✓ Notify SBCTC of your emergency situation as a “heads up”
- ✓ College president declares an emergency with Department of Enterprise Services to expedite procurement process
- ✓ Complete the Emergency Assistance Request form to help us evaluate the need for emergency funding and calculate the share of project expenses:

https://www.sbctc.edu/resources/documents/colleges-staff/programs-services/capital-budget/emergency_assistance_request_forms.pdf

- ✓ The State Board will evaluate your funding request and calculate the estimated shared cost for the college and the emergency pool.



Calculation of College and State Board Emergency fund pool:

	By College	From Pool
For all projects	5% of current Unanticipated Repair Fund (URF) allocation	
For the first project	50% of cost up to 1/3 rd of URF allocation	Remaining costs
For the second project	50% of cost up to 1/3 rd of URF allocation for projects #1 and #2 combined	Remaining costs
For subsequent projects	50% of cost up to 3/8 th of URF allocation for all projects	Remaining costs

\$25,000 Minimum allotment per project from the Emergency or HazMat fund pool
 \$500,000 Maximum allotment per project from the Emergency or HazMat fund pool



Hazardous Material Mitigation Pool

The State Board also manages a \$2 million funding pool for hazardous materials abatement emergencies at the colleges. The criteria is the same as for the emergency pool except there is no college match required. Hazardous material test results are required.

Room	Location	Mercury Results Range ($\mu\text{g}/\text{m}^3$)	Average Mercury Result ($\mu\text{g}/\text{m}^3$)
3 rd Floor, Storage Room (Room 845)	Floor Level	0.007– 0.012	0.0093
	5' from Floor	0.006 – 0.011	0.0078
2 nd Floor, Storage Room (off Room 804)	Floor Level	1.921 – 11.296	5.885
	5' from Floor	2.017 – 4.965	3.688



MAJOR PROJECTS





Policies for the 2023-25 capital budget request

- Each college can submit one proposal
- Proposals will be due in December 2021
- Proposals will be scored by a system taskforce using the updated criteria
- Proposals scoring 70 or more points will be added in rank order below the projects already in the pipeline
- Projects are to be constructed in the order they are added to the pipeline
- The priorities and structure of the 2023-25 capital request will be determined after we receive feedback for the legislatively mandated report on these topics.

SBCTC 2023-25 request pipeline w/ 2021-23 legislative budget

Added	Score	Construction Order	College	Number	Project	Next Funding Phase
2019-21	88.720	1	Lake Washington	40000102	Center for Design	Construction
2019-21	87.950	2	Bates	40000130	Fire Service Training Center	Construction
2019-21	87.260	3	Olympic	40000103	Innovation & Technology Learning Center	Construction
2019-21	86.970	4	Everett	40000190	Baker Hall Replacement	Design & Construction
2019-21	86.120	5	Tacoma	40000104	Center for Innovative Learning and Engagement	Construction
2019-21	84.610	6	Wenatchee	40000198	Center for Technical Education and Innovation	Construction
2019-21	83.660	7	Shoreline	40000214	STE(A)M Education Center	Construction
2019-21	82.800	8	Lower Columbia	40000106	Center for Vocational and Transitional Studies	Construction
2019-21	82.080	9	Columbia Basin	40000108	Performing Arts Building Replacement	Design & Construction
2019-21	82.020	10	Whatcom	40000137	Technology and Engineering Center	Design & Construction
2019-21	81.900	11	Cascadia	40000222	CC5 Gateway building	Construction
2019-21	81.510	12	Edmonds	40000114	Triton Learning Commons	Construction
2019-21	80.640	13	Renton	40000204	Health Sciences Center	Construction
2019-21	80.300	14	Bellingham	40000256	Engineering Technology Center - Bldg J Replacement	Design & Construction
2019-21	79.760	15	Centralia	40000109	Teacher Education and Family Development Center	Construction
2019-21	78.701	16	Spokane	40000107	Apprenticeship Center	Construction
2019-21	77.450	17	Skagit	40000110	Library/Culinary Arts Building	Construction
2019-21	76.500	18	Highline	40000105	Welcome Center for Student Success	Design
2019-21	75.420	19	Clark	40000227	Hanna/Foster/Hawkins Complex Replacement	Design & Construction
2019-21	73.310	20	Peninsula	40000111	Advanced Technology Center	Design & Construction
2019-21	73.130	21	South Seattle	40000231	Rainier Hall Renovation	Design
2019-21	71.200	22	Seattle Central	40000294	Broadway Achievement Center	Design
2021-23	78.021	23	Yakima	40000506	Prior-Kendall Hall	Design
2023-25	TBD	24 +	TBD	TBD	from 2023-25 selection	TBD



Criteria overview

- The criteria for our last selection allowed a proposal to include any combination of:
 - Renovation area
 - Replacement area
 - Net new area
 - Infrastructure
 - ~~• Matching funds~~
- No matter what was proposed, there were 100 points available in criteria designed to prioritize each aspect for comparison to other proposals
- The new criteria still has 100 points available to every proposal



Assumptions

- Projects will continue to take multiple biennium to complete
- In the past major projects were funded in two phases
 - Design-phase
 - Construction-phase
- For 2021-23 we requested all the funding needed for a project if it wanted to use design-build delivery
 - These projects were below the funding level provided
- We will continue to manage a pipeline of projects
 - Costs go up with OFM approved cost escalation and new requirements
 - Currently the oldest projects were added in 2018 for the 2019-21 selection
 - 3 projects have a funding gap between design and construction



Changes due to unfavorable systemic bias

In AY2021, WACTC directed its commissions to review the criteria.

Business Affairs should create a task force including Business Affairs, Student Services, Instruction, and Diversity and Equity Officers commission representatives to review major project scoring criteria and results for systemic biases.

Provide progress reports and final recommendations for changes to major project selection criteria based on these reviews prior to February 2021 WACTC capital meeting.

Participate in the WACTC work session for development of the 2021-23 capital budget in June 2021.

The task force had 3 findings with related recommendations to improve the major project selection criteria.



Finding #1 – student centers were undervalued

- Includes offices, assembly, exhibition, food service, lounge, merchandising, recreation and meeting rooms.
- For social & cultural development and auxiliary services.
- This is where activities to support diversity, equity and inclusion are found.
- They had the lowest weighting in the criteria, similar to maintenance areas.
- The new criteria increases the weighting of Student Center space to be the same as childcare and faculty offices that are integrated with informal learning space.
- And, some points will only be awarded if the proposal includes a description of how each space will improve diversity, equity and inclusion.

See pages 10, 11 and 12 of
the criteria for related changes



Finding #2 – there was a bias for more affluent colleges to get state funding before another college

- The “matching fund” criteria awarded points for proposals with certain non-appropriated funding to help pay for the project.
- Having funds available, or an ability to raise them, for a capital project does not measure the need for the project
- One might think including matching funds would benefit other colleges by making it possible for the legislature to go further down our system request with a specific amount of appropriated funding.
- There was no evidence that having matching funds made a difference in the system’s overall funding level.
- The new criteria eliminates the matching fund criteria

See pages 5 and 7 of the
criteria for related changes



Finding #3 – marginalized communities need to be included when planning for development

- The single most important factor to reduce system bias in design is to engage students early in the process.
- Colleges should engage students early in the design process and pay them for their work.
- College may include budget line items for student engagement and coordination in the predesign portion of the project budget.
- The target cost used for the reasonableness of cost criteria is increased by same amount.
- The recommended amounts for 2023-25 proposals in 2021\$ are \$22,500 for students and \$22,500 for coordination.

See pages 14 and 15 of the criteria for related changes



Every major project is scored on a 100 point scale

Overarching Criteria

Applies to every project. Has 23 potential points.

Infrastructure Criteria

For projects with non-building infrastructure.

Renovation Criteria

For projects that include renovation of existing space.

Replacement Criteria

For projects that will demolish existing space and replace it with new construction.

New Area Criteria

For projects that increase the square footage of a campus.

Category-specific criteria always totals 77 potential points.



Infrastructure Element

What qualifies as Infrastructure?

Electrical, potable water, sewer, natural gas, storm water, fire protection, emergency access roads, and communication work more than five feet outside of a building's foundation, unless it is connecting to a building with no other work in the project in which case the infrastructure may terminate inside the building.

What does not qualify?

Landscaping that is not disturbed by qualifying infrastructure work, roads (except for emergency access), driveways, parking lots, and walkways.

Criteria	Minimum or Target		
Program Need	For new building	or	100% of existing buildings
Reasonableness of Cost	< 5% of project \$	or	20 year ROI
Risk Mitigation	For new building	or	At least 2x the expected life
Suitable for Financing	Average life > 30 years		



Renovation and Replacement Elements

The largest portion of points available to projects with renovation and replacement elements is the age and conditions of the buildings in the project.

Criteria	Range	Unweighted Points	
		Renovation	Replacement
Age of the buildings to be renovated or replaced	Over 50 years	16	14
	41 - 50	13	12
	36 - 40	11	9
	31 - 35	8	7
	26 - 30	5	5
	20 - 25	2	2
	Less than 20	0	0
Facility Condition Score of buildings to be renovated or replaced	681 - 730	2	14
	601 - 680	2	12
	526 - 600	11	9
	476 - 525	16	7
	451 - 475	11	5
	351 - 450	2	2
	276 - 350	0	0
	0 - 275	-5	-5



Net New Area Element

The largest portion of points available to projects with net new area is the future utilization of the campus classroom and lab workstations.

Future utilization is based on current utilization with changes in workstation counts and enrollment in the next ten years.

The goal is to use Lab workstations 16 hours per week and Class workstation for 22 hours per week.

Future Utilization	Unweighted Points
If either Lab utilization will be more than 17 or Class utilization will be more than 23	18
If Lab utilization will be at least 15 but less than 17 and Class utilization was at least 21 but less than 23	24
If Lab utilization was at least 12 but less than 15 and Class utilization was at least 19 but less than 21	12
If either Lab utilization will be less than 12 or Class utilization will be less than 19	0



Current Utilization

Workstation utilization in hours per week equals the number of contact hours divided by the room capacity.

Utilization is reported for every individual classroom and lab space on a campus.

Contact hours are the sum of the classroom contact hours during the 45 data capture hours. These are the hours students are expected to attend classes and labs as indicated on the class schedule.

The 45 data capture hours are defined by the college to report their peak facility usage. Colleges may elect to use any combination of 45 data capture hours during the week.

Room capacity is the capacity of the space for instruction as reported by the college. The room capacity should be based on the physical limitations of the facility and the method of instruction.

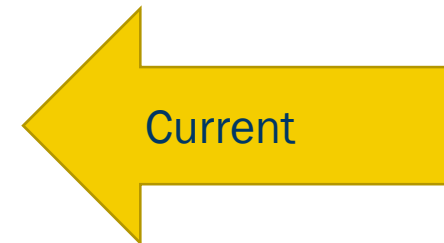


Future Utilization

The utilization of campus classrooms and laboratories in the future is the projected number of contact hours divided by the future number of workstations.

Example:

	Contact Hours	Workstations	Utilization
Classes	20,344.70	787	25.87
Labs	8,485.20	415	20.47
Campus	28,829.90	1,201.00	24.00



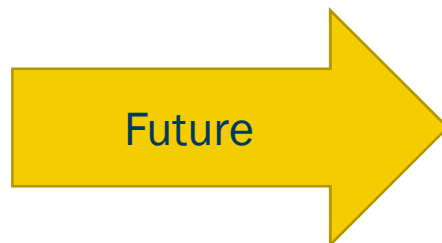
Change in class workstations through proposed project = 350

Change in lab workstations through proposed project = 600

Net new Type 1 FTE from enrollment projection = 500

269.23 net new class FTE * 15 = 4,038.46 class contact hours

230.77 net new lab FTE * 30 = 6,923.08 lab contact hours



	Contact Hours	Workstations	Utilization
Classes	24,383.16	1,137	21.45
Labs	15,408.28	1,015	15.19
Campus	39,791.44	2,151.00	18.50



Basis for State Board enrollment projection

The projection for capital planning starts with pre-pandemic enrollment and then assumes the pandemic effects will be gone by 2029.

The ten-year forecast is based on 2019 participation rates, headcount to FTE ratio, and mode of delivery applied to the 2029 census data by location and demographic group.

This method has been proven to be reasonably accurate for long term projections, but does not account for short term effects such as economic changes or unusual conditions like the COVID-19 pandemic.

In the past, economic impacts have been shown to level out over the ten-year term of the projection.

However, COVID-19 has created an unprecedented environment for the State's community and technical colleges, which may result in long term changes to enrollment and instruction that could potentially impact the accuracy of these projections.



Pandemic impacts to the enrollment projection

Colleges converted to on-line instruction during the pandemic. Many institutions may not return to pre-pandemic levels of face to face instruction, even over several years. College and campus structures may have been redesigned in ways that facilitate, even encourage, a permanent shift to more on-line instruction. While this is most likely to be the case with academic classes and programs, components of some ‘hands on’ technical programs may remain on line. This potential **shift in modality** is not accounted for in the projection.

With the expansion of online instruction, colleges are able to attract students from further away, reaching beyond their traditional catchment area. This could mean that using population forecasts based on the location of past students may become less accurate. Colleges could see an increase in students from more rural areas. The potential effect of **wider or more variable student catchments** is not accounted for in the projection.

More dramatic migrations of people in and around metro areas or across state lines are increasingly likely. The projection did not account for **migration** beyond what was included in the census projections for population change.



Other impacts to the enrollment projection

The implementation of the **Washington College Grant** could encourage more students to enroll in the State's colleges. The much wider reach of the WCG could increase participation by students that were previously constrained by financial disadvantage. The WCG could also enable some students that were enrolling part-time to enroll full-time.

Considering that the increasing enrollments through **Running Start** are likely to continue this could increase the overall enrollment beyond current participation rates.

Baccalaureate degree enrollments are also increasing, partly due to increased awareness and popularity of existing programs, but also to expansion of program availability both in more programs offered by colleges currently with baccalaureate programs, and new colleges joining the roster of baccalaureate-offering institutions. Baccalaureate enrollments are expected to continue to grow.

See separate handout

State Board 2019-29 Enrollment Projection

WA State Board for Community and Technical Colleges
Summary of Fall FTEs Used in the 2019 CAM
CAM 101
EXCLUDING Department of Corrections (DOC) and Continuing Education Courses

Type 1 = Day On-Campus (excludes Online)
Type 2 = Day On-Campus + Online

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Bates	3,027	150	3,258	171	231	95
Academic	186	15	201	15	15	15
Vocational	1,941	135	2,057	156	116	120
Basic Skills/Dev Ed	3,027	150	3,258	171	231	95
Total	3,027	150	3,258	171	231	95

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Bellvue	10,493	6,756	9,285	11,307	-1,208	4,551
Academic	409	1,154	402	1,150	-7	36
Vocational	1,448	1,040	1,587	1,200	139	146
Basic Skills/Dev Ed	10,493	6,756	9,285	11,307	-1,208	4,551
Total	10,493	6,756	9,285	11,307	-1,208	4,551

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Bellingham	2,079	1,402	2,079	1,742	0	340
Academic	409	336	402	322	-7	86
Vocational	1,448	1,066	1,587	1,420	139	254
Basic Skills/Dev Ed	2,079	1,402	2,079	1,742	0	340
Total	2,079	1,402	2,079	1,742	0	340

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Big Bend	1,071	1,000	1,160	1,000	89	0
Academic	881	807	900	807	19	0
Vocational	81	193	160	193	79	0
Basic Skills/Dev Ed	1,071	1,000	1,160	1,000	89	0
Total	1,071	1,000	1,160	1,000	89	0

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Cananda	2,316	60	2,316	60	0	0
Academic	101	0	101	0	0	0
Vocational	81	0	81	0	0	0
Basic Skills/Dev Ed	2,316	60	2,316	60	0	0
Total	2,316	60	2,316	60	0	0

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Centralia	1,100	715	1,100	715	0	0
Academic	163	148	163	148	0	0
Vocational	303	216	303	216	0	0
Basic Skills/Dev Ed	1,100	715	1,100	715	0	0
Total	1,100	715	1,100	715	0	0

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Clark	4,835	326	4,835	326	0	0
Academic	1,834	159	1,834	159	0	0
Vocational	911	167	911	167	0	0
Basic Skills/Dev Ed	4,835	326	4,835	326	0	0
Total	4,835	326	4,835	326	0	0

College	Fall 2019 FTEs		Fall 2029 FTE Projections		FTE Growth (Fall)	
	Total	Type 2	Total	Type 2	Total	Type 2
Clover Park	2,469	410	2,469	410	0	0
Academic	603	1,000	603	1,000	0	0
Vocational	2,469	410	2,469	410	0	0
Basic Skills/Dev Ed	3,492	2,292	3,492	2,292	0	0
Total	2,469	410	2,469	410	0	0

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	450	128
Type 1	15	12
Type 2	435	116

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	541	87
Type 1	15	12
Type 2	526	75

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	422	280
Type 1	77	64
Type 2	345	216

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	21	14
Type 1	12	8
Type 2	9	6

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	398	574
Type 1	134	99
Type 2	264	475

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	171	229
Type 1	58	86
Type 2	113	143

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	137	102
Type 1	108	79
Type 2	29	23

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	117	98
Type 1	50	40
Type 2	67	58

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	11	104
Type 1	0	104
Type 2	11	0

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	50	164
Type 1	43	47
Type 2	7	117

Location Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	157	188
Type 1	84	35
Type 2	73	153

Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	228	220
Type 1	93	71
Type 2	135	149

Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	320	215
Type 1	179	112
Type 2	141	103

Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	48	25
Type 1	33	13
Type 2	15	12

Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	332	189
Type 1	107	54
Type 2	225	135

Courses

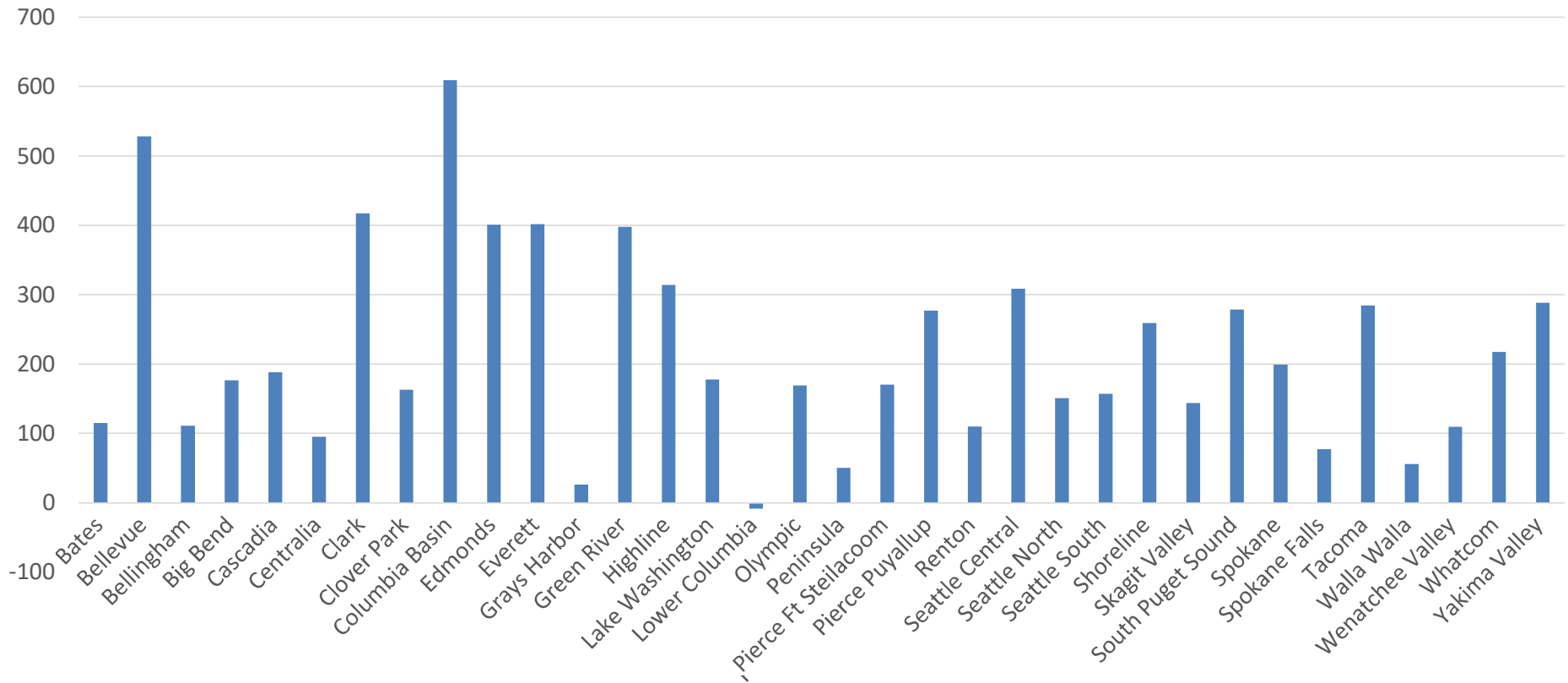
Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	352	252
Type 1	107	54
Type 2	245	198

Courses

Type	FTE Growth (Fall)	
	Type 1	Type 2
Total	332	189
Type 1	107	54
Type 2	225	135



Type 1 FTE projected change in enrollment 2019-29





Alternative enrollment projections

Enrollment forecasting is discussed in Appendix G of the major project criteria.

If a college would like to provide an alternative ten-year projection, then it should be submitted to the State Board's capital budget director as soon as possible so it can be reviewed by State Board staff and a task force from the Research and Planning Council early in development of the college's proposal.

The RPC task force will provide qualitative feedback on the proposed projection relative to the following goals:

- Consistency with definition of Type 1 or Type 2 FTE
- Use of strong and non-derivative data sources
- Having a minimum of 10 years of source data
- Use of valid statistical approach for building the forecast
- Inclusion of "what if" scenarios that explain what may affect the projection

RPC Enrollment Forecast Evaluation Rubric

	Below Expectations 1	2	Meets Expectations 3	4	Above Expectations 5
Accuracy of Type 1 and Type 2 FTE.	Forecast is based on inaccurate calculation of FTE.		Calculation of FTE is off by an insignificant amount.		Forecast is based on accurate calculation of FTE.
Modification of source data	Data for forecast is derived indirectly from original data source.	Data has mixture of direct or original sourced data that has been in part modified.	Data for forecast uses a small amount of derived or modified data.	Data for forecast has had some modification done to provide ease of analysis.	Data for forecast comes from unchanged or unmodified sources.
Neutrality of data sources	Data comes from commercial or interested parties that have financial interest in the data.	Data is provided by an interest group or professional society that has financial interest in the data.	Data is provided by accountable, interested parties, such as cities, non-profits or other non-fiscally interested group.	Data is provided by third party vendors, sourcing neutral, disinterested or government sources.	Data comes from fully disinterested or government sources.
Length of historical data	Forecast has less than 10 years of historical data.	Forecast has 10 years of historical data.	Forecast has 15 years of historical data.	Forecast has 20 years of historical data.	Forecast has 25 or more years of historical data.
Statistical approach to forecast	Forecast uses no discernable statistical analysis.	Forecast relies only on trend analysis.	Forecast uses single-variate regression or non-parametric approaches.	Forecast uses multivariate or high level trend analysis like Box-Jenkins or ARIMA.	Forecast uses a mix of trend, single-variate, non-parametric, multivariate or high level trend analysis.
Multiple statistical approaches to forecast	Forecast uses no statistical approach.	Forecast uses a single statistical approach.	Forecast uses two or three statistical approaches.	Forecast uses four or more statistical approaches.	Forecast uses four or more statistical approaches blended into a single forecast.
Model impacts	Forecast makes no account of possible positive or negative impacts on the model.	Forecast makes minimal verbal note of possible positive or negative impacts on the model.	Forecast provides adequate consideration of possible positive or negative impacts on the model.	Forecast provides adequate consideration of possible impacts with supporting documentation or data.	Forecast incorporates possible positive and negative impacts into the statistical model.



Cost to prepare a major project proposal

On average, colleges spend about \$50,000 on consultants and over 200 staff hours preparing their major project proposals.

Colleges are not required to hire a consultant to prepare their proposals but, other than proposals that were updates of a previous proposal, every proposal in the last ten years has had help from a consultant.

Proposals must be consistent with the college's facilities master plan and updating a master plan will increase the cost and time needed above the average.

All proposals need to include the Fall 2019 utilization hours of the lab and classroom workstations on the campus. If facility or enrollment information is not accurate it will increase the staff hours and time needed to determine utilization.



Scoring process

The new major project proposals will be due from the colleges in mid-December.

Depending on the number of submittals, it will take 20 to 30 scorers and four trustee observers for the process.

This fall, we will survey all the scoring task force members to set a date for a kickoff meeting.

The kickoff meeting will be schedule as soon as possible after the college submittals are received.

We will go over the criteria, scoring process, and divvy up the proposals so that no ones scores, or observes the scoring, of a proposal from a college they have worked at.

Scoring will be in the January to March 2022 time frame.



LOCALLY FINANCED PROJECTS



Why do we use Certificates of Participation?

Local financing is most often used for projects that will generate a return on the investment.

Enterprise activities at colleges may include student housing, parking and fitness centers.

Local financing may be used to acquire operating equipment, real property, and improvements that will save energy.

Real property financing requires specific approval from the legislature.

The State Finance Committee must approve all financing by state agencies.

State agencies are required to use the least expensive financing possible.

The SFC almost always finds COPs to be the least expensive local financing.

Treasurer's Certificate of Participation program

Recent interest rates:

<i>Term</i>	Equipment	Real Estate
2 Years	0.21%	0.21%
3 Years	0.29%	
4 Years	0.39%	
7 Years	0.69%	
10 Years	0.95%	0.89%
20 Years		2.13%

Process:

The COP sales are planned for January, June and September each year. We need to have construction bids or purchase and sale agreements a couple months before the sale.

Once approved and sold the college can be reimbursed for qualifying expenses back to the filing of an intent to finance with the Treasurer's office. The Intent form and more about the program are here –

https://tre.wa.gov/home/debt-management/certificates_of_participation/



Limitations of locally financed projects

Local projects can not cause a future obligation for the state.

- No state capital appropriations for minor or emergency repairs, or hazardous material remediation of locally acquired facilities for at least 6 years after the acquisition or improvement.
- Locally acquired buildings are not eligible for major project funding for 20 years.

Proceeds from the COP must be spent within 18 months of the sale.

Throughout the term of the COP the property ~

can't be sold or demolished,

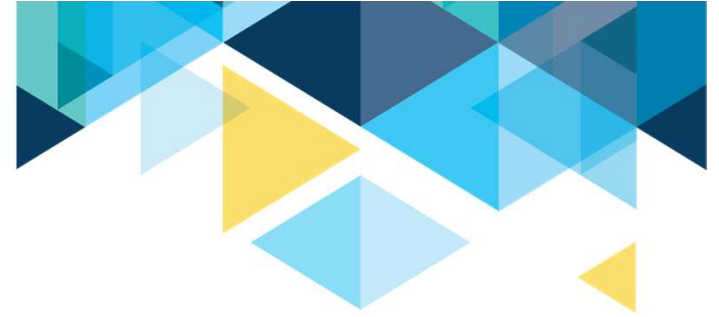
must have insurance, and

the use has to be consistent with the tax-exempt financing.

The COP can not be ~

paid off early, or

refinanced for 10 years.



REMAINING QUESTIONS?

- Please take our evaluation survey
- Thank you!

