

**WASHINGTON STATE  
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD  
MEETING NO. 151  
NOVEMBER 18, 2010**

**AGENCIES' BUDGET REQUESTS FOR THE 2011-2013 OPERATING BUDGET**

**Background:**

RCW 28C.18.060(5) directs the Workforce Training and Education Coordinating Board (Workforce Board) to "... review and make recommendations to the Office of Financial Management (OFM) and the legislature on operating and capital budget requests for operating agencies of the state training system for purposes of consistency with the state comprehensive plan for workforce training and education." Legislative advocacy for recommendations made pursuant to this process depends on the items being included in the Governor's budget proposal.

Included in this tab are the budget requests pertaining to workforce development for the Office of Superintendent of Public Instruction and the State Board for Community and Technical Colleges. The tab includes a proposed motion for each agency; a staff analysis and recommendations of the agency budget requests based on the priorities identified in Retooling Washington's Workforce and the "Strategic Opportunities for 2008 to 2012 in *High Skills, High Wages, 2008-2018*," a chart of the budget requests, (see Appendix A in this tab), and the budget materials submitted by the agencies. The tab also includes the 10 percent budget reduction plan for the 2011-2013 biennium submitted by the State Board for Community and Technical Colleges and information on the state budget outlook, including the current fund balance, the June budget outlook, and the fiscal impact of Initiative 1107 (soda and candy tax repeal). In addition, the September forecast cut \$770 million from the 09-11 and a further \$670.00 million from 2011-2013 revenue.

**Board Action Requested:** Adoption of the recommended motions.

**RECOMMENDED MOTION A**  
**OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION'S BUDGET REQUESTS**

**WHEREAS**, Strategic Opportunity #1 in *High Skills, High Wages, 2008 -2018* calls for ensuring youth are prepared for further education and/or work by demonstrating the relevance of education through strong programs of career and technical education and ensuring all youth, their parents and caregivers, their teachers and counselors, and the broader community are aware of the full range of career options; and

**WHEREAS**, Strategic Opportunity #2 in *High Skills, High Wages, 2008 -2018* calls for expanding the availability of career pathways that move students from middle and high school through education and training at the postsecondary level; and

**WHEREAS**, Strategic Opportunity #6 in *High Skills, High Wages, 2008 -2018* calls for improving coordination between workforce and economic development in strategic industry clusters; and

**WHEREAS**, The Technical High School Advisory Committee and the STEM Advisory Committee have both recommended the development of model high schools characterized by applied learning and business partnerships; and

**WHEREAS**, Strategic Opportunity #1 in *High Skills, High Wages, 2008 -2018* calls for increasing high school graduation rates by expanding best practice career and guidance counseling and expanding the community partnership model that implements effective dropout prevention, intervention and retrieval programs; and

**WHEREAS**, The average annual saving to taxpayers generated by preventing one high school student from dropping out is \$10,000 per year; and

**WHEREAS**, The Legislature will be restricted in their ability to raise revenue and will need to explore additional cuts to balance the 2011-2013 budget;

**NOW THEREFORE BE IT RESOLVED**, That the Workforce Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the Office of Superintendent of Public Instruction for \$740,000 to increase the rigor of career and technical education courses through integration of academics and to expand awareness of the availability of career and technical education; and

**BE IT FURTHER RESOLVED**, That the Workforce Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the Office of Superintendent of Public Instruction for \$2,310,000 to facilitate the development of Innovation Partnership High School Programs; and

**BE IT FURTHER RESOLVED**, That the Workforce Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the Office of Superintendent Public Instruction for \$5,864,259 to implement the Dropout Reduction Initiative.

**RECOMMENDED MOTION B**  
**STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES BUDGET**  
**REQUESTS**

**WHEREAS,** The Industry Goal for *High Skills, High Wages, 2008 -2018* states “Meet the workforce needs of industry by preparing students, current workers, and dislocated workers with the skills employers need,” and

**WHEREAS,** The Workforce Board’s Retooling Washington’s Workforce Initiative is focused on 1) helping the unemployed who need to have their skills retooled for jobs now and in the future and 2) responding to the current and future needs of employers for a skilled workforce; and

**WHEREAS,** The Workforce Board’s Employer Survey shows that even during this recession about 17 percent of Washington’s employers cannot find the skilled workers they need; and

**WHEREAS,** Dislocated worker demand for retraining is currently greatly exceeding capacity in the Worker Retraining program; and

**WHEREAS,** Student enrollments at community and technical colleges have increased dramatically during the recession and far exceed the level funded by the state; and

**WHEREAS,** Strategic Opportunities #3, #4, #5 and #8 in *High Skills, High Wages, 2008-2018* call for 1) increasing postsecondary education, 2) providing financial aid for workforce students to help them access postsecondary education, and 3) increasing programs that pair adult basic skills and English language instruction with occupational skills training because integrated instruction is more likely to lead to wage gains for participants than basic skill programs that do not include an occupational component; and 4) identifying system barriers for improving and expanding employment, education and training services and removing those barriers; and

**WHEREAS,** The State Board for Community and Technical Colleges’ Student Achievement Initiative early assessment has shown particularly strong results in terms of assisting students to progress and complete postsecondary education and thereby increase efficiency for students and community and technical college performance; and

**WHEREAS,** the Workforce Training and Education Coordinating Board has endorsed expanding “high employer demand programs of study” to meet employer needs and prepare students for jobs that are in demand as a key priority since 2001; and

**WHEREAS,** Expanding customized training for incumbent workers helps our businesses to be more competitive in the world and our workers more competitive in the labor market;

**NOW THEREFORE BE IT RESOLVED,** That the Workforce Training and Education Coordinating Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the State Board for Community and Technical Colleges for the Worker Retraining Program to maintain the \$17.556 million enhancement for the Worker Retraining Program provided in the 2010 Supplemental Operating Budget for a biennial request

of \$35.1 million in the 2011-2013 Biennial budget; and

**BE IT FURTHER RESOLVED,** That the Workforce Training and Education Coordinating Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the State Board for Community and Technical Colleges for \$90.7 million in the 2011-2013 Biennial Budget for 8,100 full-time equivalent student enrollments contingent on a portion of the funding being allocated specifically for the expansion of “high employer demand programs of study;” and

**BE IT FURTHER RESOLVED,** That the Workforce Training and Education Coordinating Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the State Board for Community and Technical Colleges for \$31.2 million for Adult Basic Education and Services in the 2011-2013 Biennial Budget contingent on additional funding being directed towards expansion of “I-BEST” (Integrated Basic Education and Skills Training) programs and other programs that prepare students to take advantage of I-BEST programs by preparing them for college-level work or through development of I-BEST at the workplace; and

**BE IT FURTHER RESOLVED,** That the Workforce Training and Education Coordinating Board requests that the Governor and Legislature reprioritize budget allocations to support the budget request from the State Board for Community and Technical Colleges for \$10.8 million in the 2011-2013 Biennial Budget for the Student Achievement Initiative as a method of increasing efficiency for community and technical colleges in terms of improving student advancement and completion.

**Workforce Board Staff Analysis –  
Agency Budget Requests for the 2010 Legislative Session**

**Office of Superintendent of Public Instruction**

**Academic Integration in Career and Technical Education**

Description of Proposal

The Office of Superintendent of Public Instruction (OSPI) is requesting \$740,000 for the 2011-2013 biennium (\$370,000 each fiscal year) in order to: provide professional development for CTE instructors to integrate math, science, and literacy instruction into their courses; establish two Secondary Integrated Basic Education and Skills Training (I-BEST) programs; and provide districts with OSPI staff support and coordination as they work to expand their Advanced Placement/CTE programs.

***Math, Science, and Literacy Integration:*** OSPI is requesting **\$56,000** in the 2011-2013 biennium to coordinate one statewide, conference for 200 CTE instructors to receive targeted professional development in strategies for integrating math, science, and literacy instruction into their courses. The statewide training will be followed up by nine regional training opportunities helping to ensure alignment between CTE courses and the State’s academic standards as courses are implemented.

***Secondary I-BEST:*** The Superintendent also requests **\$500,000** in the 2011-2013 biennium to support two Secondary Integrated Basic Education and Skills Training CTE programs in local districts with high concentrations of English Language Learners. By emphasizing basic education and skills training, Secondary I-BEST programs provide English language learners with an opportunity to receive instruction in both their native language and in English to help to facilitate skill development and language acquisition.

***Public Awareness:*** OSPI is also requesting **\$56,000** in the 2011-13 biennium to increase awareness among educators, students, and the community of the expanding opportunities offered by high quality career and technical education. These funds will be used to implement targeted awareness strategies.

***Advance Placement/CTE Expansion:*** In the 2009-2010 school year OSPI leveraged a three year old partnership with the College Board (administrator of AP) to coordinate a pilot program for CTE instructors who wanted to become AP certified. The pilot was successful at helping eight CTE instructors to create AP certified CTE courses. OSPI is requesting **\$128,000** in the 2011-2013 biennium to continue the Advanced Placement certification program. These funds will support a .25 program supervisor who will coordinate professional development and training opportunities for 16 CTE instructors. These resources would allow OSPI to double participation from the 2009-2010 year and to increase the number of courses offered from two to three.

Analysis of Proposal

Opportunity #1 in “*High Skills, High Wages 2008 - 2018,*” Washington’s strategic plan for workforce development, calls for ensuring youth are prepared for further education and/or work

by demonstrating the relevance of education through strong programs of career and technical education and ensuring all youth, their parents and caregivers, their teachers and counselors, and the broader community are aware of the full range of career options. This proposal will continue the work of OSPI in increasing the rigor of CTE by facilitating the integration of academic standards into career and technical courses and will expand awareness of the opportunities offered by high quality career and technical education. A coordinated effort to facilitate academic instruction through career and technical courses will be more efficient than asking individual school districts to develop this curriculum in a piecemeal fashion. Developing secondary I-BEST CTE programs will also ensure access to CTE by immigrant populations.

#### Recommendation

It is recommended that the Workforce Board endorse the Office of Superintendent of Public Instruction's \$740,000 budget request to increase the rigor of career and technical education courses through integration of academics and to expand awareness of the availability of career and technical education.

## **Innovation Partnership High Schools**

#### Description of the Proposal

OSPI is requesting \$1,100,000 in FY 2011-2012 and \$1,210,000 in FY 2012-2013 (\$2,310,000 for the biennium) to facilitate the development of Innovation Partnership High School Programs. The funds would provide 11 school districts with one year planning grants, and one additional year of program support. The proposed program distribution will coincide with the Washington state Department of Commerce's currently designated 11 Innovation Partnership Zones. Regional Innovation Partnership Zones (IPZs) promote collaboration among business, research, and higher education institutions. In the planning year, funds will be used to pay staff for their time spent developing the program, and for professional development around project-based instructional methods. In the second year of the grant, funds will provide 100 students at each Innovation high school with the opportunity to spend 40 percent of their day in exploratory CTE courses and the remainder of their time in project-based courses. In order to gauge the success of Innovation high schools, OSPI will track the performance of participant students against the performance targets set for CTE by federal Perkins IV.

The Innovation Partnership High School budget request also aligns with the 2009 report of the Technical High School Advisory Committee that called for the creation of Technical Innovation High Schools characterized by integrated curriculum, project-based learning, community and business collaboration, and student and parent engagement.

#### Analysis of Proposal

Strategic Opportunity #1 in "*High Skills, High Wages 2008 - 2018*," Washington's strategic plan for workforce development, calls for ensuring youth are prepared for further education and/or work by demonstrating the relevance of education through strong programs of career and technical education. Strategic Opportunity #2 in *High Skills, High Wages, 2008 -2018* calls for expanding the availability of career pathways that move students from middle and high school through education and training at the postsecondary level. Strategic Opportunity #6 calls for improving coordination between workforce and economic development in strategic industry clusters. The Innovation Partnership High School budget request addresses each of these

strategic opportunities. Such high schools will provide more relevance for students through real-world learning experiences, include career pathways linked to the school's theme, and provide an education that is linked to some of the key economic sectors in the state. These schools would build significant workplace connections with business and labor, including job shadowing, mentoring, and internships. They also present a significant opportunity for preapprenticeship opportunities that align with related apprenticeship programs in the state. Of the 11 IPZs, four are in alternative energy, three are related to bio-medical clusters, two are related to marine clusters, one is agriculture, one is aerospace, and one is in electronics. They are located in Bellingham, Bothell, Ellensburg, Everett, Grays Harbor, Pullman, Seattle, Sequim, Spokane, Richland, Vancouver, and Walla Walla. OSPI may want to consider whether the schools should be restricted to matching exactly this mix of sectors. In addition, some of the IPZs are in rather narrow ranges of the labor market; for example, bio-mass energy. Schools should probably be linked to the broader sector(s) that the IPZs are related to; for example, "green jobs."

OSPI's proposal will provide efficiency by developing Innovation High Schools within existing high schools, leveraging resources within those schools. This strategy minimizes the start-up operating and capital costs required to build programs from the ground up in entirely new schools.

#### Recommendation

It is recommended that the Workforce Board endorse the Office of Superintendent of Public Instruction's \$2,310,000 budget request to facilitate the development of Innovation Partnership High School Programs.

## **Dropout Reduction Initiative**

#### Description of the Proposal

OSPI is requesting \$5,864,259 (\$2,939,815 annually) to implement a comprehensive dropout reduction initiative in selected school districts with high dropout rates. The initiative will fund a dropout early warning data system, school district planning on dropout prevention, and the implementation of a Student Assistance program in the selected districts. The data system will identify students at risk of dropping out, provide for progress monitoring of interventions, and drive administrative decision-making on how to reduce dropouts. The Student Assistance Program will include a district coordinator to support community partnership development and the implementation of an integrated student support system (including comprehensive guidance and counseling and tiered academic and non-academic interventions) and graduation specialists to work with identified students. The initiative will also support project managers in Educational Service Districts to develop regional consortia of key agencies serving at-risk youth to provide technical assistance, leverage resources for local school districts, and develop dropout re-engagement programs.

#### Analysis of Proposal

Strategic Opportunity #1 in "*High Skills, High Wages, 2008 – 2018*," Washington's strategic plan for workforce development, calls for increasing high school graduation rates by expanding the community partnership model that implements effective dropout prevention, intervention and retrieval programs and by expanding best practice career and guidance counseling. The OSPI Dropout Reduction Initiative budget request addresses this strategic opportunity directly. It builds on practices proven effective in the Navigation 101 and Building Bridges grant programs

and is aligned with recommendations from the Building Bridges Work Group for implementing a statewide local and regional infrastructure of dropout prevention, intervention, and retrieval systems in local school communities across the state. This infrastructure is designed to leverage resources, coordinate activities, reduce duplication of services, and direct resources to students most likely to drop out. Based on a 2009 analysis by the Washington State Institute for Public Policy, the average annual saving to taxpayers generated by preventing one high school student from dropping out is \$10,000 per year.

Recommendation

It is recommended that the Workforce Board endorse the Office of Superintendent of Public Instruction's \$5,864,259 budget request to implement the Dropout Reduction Initiative.

# State Board for Community and Technical Colleges

## Retain Worker Retraining Funding

### Description of the Proposal

The State Board for Community and Technical Colleges (SBCTC) is requesting \$35.1 million in the 2011-13 (\$17,556,000 for FY 2012, \$17,556,000 for FY 2013) for the Worker Retraining Program. In FY 2010, colleges served 12,738 FTEs in the Worker Retraining Program (WRP), or 18,850 individual students. In the 2010 Supplemental Budget, the Legislature provided one-time additional funding of \$17.6 million for 3,784 WRP FTEs in Fiscal Year 2011, bringing total WRP funding to \$46.3 million for 9,984 FTEs. The requested level of funding will maintain enrollment in the WRP at the levels funded in the 2010 Supplemental Budget. Unemployment rates are projected to remain at levels that will drive high enrollment demand in this program.

The Worker Retraining Program trains dislocated and unemployed workers who need new skills and knowledge in order to re-enter the workforce. Worker Retraining financial aid helps pay for tuition, books, fees, and other related expenses for individuals who lost their jobs due to economic changes and for those receiving Unemployment Insurance benefits.

### Analysis of Proposal

The Worker Retraining Request dovetails with Workforce Board priorities of Retooling Washington and those contained in the state strategic plan for workforce development, "High Skills, High Wages." A major focus of the Workforce Board's Retooling Washington initiative is aimed at getting unemployed individuals back to work. The Worker Retraining Program serves both dislocated workers and unemployed individuals. Washington's strategic plan for workforce development, "*High Skills, High Wages 2008 -2018*," establishes the goal to "meet the workforce needs of industry by preparing students, current workers, and dislocated workers with the skills employers need." Strategic Opportunity #4 calls for increasing financial aid and other services for workforce education students so they are able to afford additional education and have coordinated support in completing their education and training.

Enrollment levels in this program track closely to the unemployment rate. In the current economy, Worker Retraining enrollments are at historic highs. Unemployment is projected to decrease gradually from the August, 2010 rate of almost nine percent. However, the Economic Revenue Forecast Council predicts unemployment will still be 8.23 percent in FY 2012 and 6.94 percent in FY 2013. As in prior years with similar unemployment rates, enrollment demand for the Worker Retraining Program is expected to remain strong and above budgeted levels through the 2011-13 biennium.

The value of retraining students with the skills that prepare them for jobs that are in demand is evident for students, for businesses, and the economy. The Workforce Board's 2010 employer survey found that about six percent of employers during this current recession still cannot find enough individuals that have the skills they need.

### Recommendation

It is recommended that the Workforce Board support enhanced funding for the Worker Retraining Program and request that the Governor and Legislature reprioritize budget allocations to include the SBCTC budget request to retain the supplemental budget enhancement and bring the total 2011-2013 Biennial Budget to \$49.6 million for the Worker Retraining Program including a doubling of the current financial aid funding.

## **Student Achievement Initiative**

### Description of the Proposal

SBCTC is requesting \$10,770,000 (\$2,920,000 for FY 2012, \$7,850,000 for FY 2013) for the Student Achievement Initiative. The Student Achievement Initiative (SAI) is a performance incentive funding system for community and technical colleges. Its purposes are to improve public accountability by more accurately describing how students advance in our colleges each year, and to provide incentives through financial rewards to colleges for increasing the levels of achievement attained by their students. It represents a shift from funding entirely for enrollment inputs to also funding meaningful outcomes. The outcomes include basic skill gains, first year retention, completing college level math, and degree or certificate completions.

### Analysis of Proposal

Strategic Opportunity #8 of “*High Skills, High Wages 2008 - 2018*,” Washington’s strategic plan for workforce development, calls for identifying system barriers for improving and expanding employment, education and training services and remove those barriers. The Student Achievement Initiative is the SBCTC’s effort to increase the productivity of colleges and universities without extensive new funding. The college system is already showing gains in Student Achievement. Between the 2006-2007 baseline year and 2008-2009, the first performance year, the colleges served four percent more students but increased student achievement by 19 percent with the greatest gains occurring in basic skills.

### Recommendation

It is recommended that the Workforce Board support enhanced funding for the Student Achievement Initiative as there are documented efficiency gains and request that the Governor and Legislature reprioritize budget allocations to include the budget request from the State Board for Community and Technical Colleges request for \$10.8 million in the 2011-2013 Biennial Budget for the Student Achievement Initiative as a method of increasing efficiency for community and technical colleges in terms of improving student advancement and completion.

## **Restore Adult Basic Education**

### Description of the Proposal

SBCTC is requesting \$31.2 million (\$13,320,000 for FY 2012, \$17,880,000 for FY 2013) for Adult Basic Education (ABE) programs and services. Individual colleges will use the additional funds to increase ABE enrollments and improve ABE programs by lowering the student to faculty ratio, offering additional support services, and recruiting more stable, full-time faculty.

### Analysis of Proposal

There are two pertinent facts that bear direct relevance to the importance of a robust Adult Basic Education program in the state: the literacy levels of Washington adults, and the growing diversity of Washington adults that includes adults with limited English speaking proficiency.

Strategic Opportunity #5 in *High Skills, High Wages, 2008 - 2018* calls for increasing programs that pair adult basic skills and English language instruction with occupational skills training. Since 2002, the Workforce Board's analysis of Adult Basic Education programs has found that Adult Basic Education programs do not provide significant employment or earnings gains for participants unless they are integrated with occupational skills training. As a result of this state research and other national research, the State Board for Community and Technical Colleges started piloting I-BEST (Integrated Basic Education and Skills Training) programs. I-BEST evaluations have found significant gains in educational outcomes and advancement for these students and the program has been touted nationally as a best practice.

As Adult Basic Education programs only charge \$25 per quarter in place of tuition, the budget cuts have had a negative impact on the availability of these programs.

### Recommendation

It is recommended that the Workforce Board support enhanced funding for the Adult Basic Education programs and services and request that the Governor and Legislature reprioritize budget allocations to include the budget request from the State Board for Community and Technical Colleges for \$31.2 million for Adult Basic Education and Services in the 2011-2013 Biennial Budget contingent on additional funding being directed towards expansion of "I-BEST" (Integrated Basic Education and Skills Training) programs and other programs that prepare students to take advantage of I-BEST programs by preparing them for college-level work or through development of I-BEST at the workplace.

## **General Enrollment**

### Description of the Proposal

SBCTC is requesting \$90,720,000 (\$45,360,000 for FY 2012, \$45,360,000 for FY 2013) for 8,100 full-time equivalent student enrollments at \$5,600 per FTE to bring state funding in line with actual college enrollments.

### Analysis of Proposal

Strategic Opportunity #3 in "*High Skills, High Wages 2008 - 2018*," Washington's strategic plan for workforce development, calls for increasing capacity at community and technical colleges to help shrink the gap between the number of skilled workers Washington businesses need and the number of workers who have those skills.

A key item of the Workforce Board's legislative agenda since 2001 has been to advocate for the expansion of "high employer demand programs of study." As defined in statute, "high employer demand programs of study means an apprenticeship, or an undergraduate or graduate certificate or degree program in which the number of students prepared for employment per year from in-state institutions is substantially less than the number of projected job openings per year in that field, statewide or in a substate region." (RCW 28B.50.030)

The Workforce Board regularly analyzes state labor market data and student records to identify “high employer demand programs of study” statewide at the mid-level. Local colleges’ workforce councils may also identify high employer demand programs of study in their local area. During times of high unemployment, it makes sense to direct limited funds to programs where employer demand exceeds the supply of graduating students.

Recommendation

It is recommended that the Workforce Board support an enhancement to enrollment capacity and request that the Governor and Legislature reprioritize budget allocations to include the budget request from the State Board for Community and Technical Colleges for \$90.7 million in the 2011-13 Biennial Budget for 8,100 full-time equivalent student enrollments contingent on a portion of the funding being allocated specifically for the expansion of “high employer demand programs of study.”

## Comparison Chart for Budget Requests

Budget Item	2009-2010 FY	2010-2011 FY	2011-2012 Request	2012-2013 Request	HSHW <sup>1</sup>	RW <sup>2</sup>
<b>OSPI:</b>						
- Academic Integration in CTE	\$2,750,00 (CTE grants)	\$912,000 (CTE grants)	\$370,000	\$370,000	<b>X</b>	
- Innovation Partnership High Schools	NA	\$150,000	\$1,110,000	\$1,210,000	<b>X</b>	
- Dropout Reduction Initiative	\$675,000 (BB grants)	\$337,000 (no grants)	\$2,924,444	\$2,939,815	<b>X</b>	
<b>SBCTC:</b>						
- Worker Retraining Funding Enhancement		\$17,556,00	\$17,556,00	\$17,556,00	<b>X</b>	<b>X</b>
- Base Funding	\$35,259,100	\$35,259,100	\$35,259,100	\$35,259,100		
- Student Achievement Initiative	\$3.25 million	\$4.25 million	\$2,920,000	\$7,850,000	<b>X</b>	
- Adult Basic Education Enhancement	Annual base funding: \$95,963,000 <sup>3</sup>	Annual base funding: \$95,963,000	\$13,320,000	17,880,000	<b>X</b>	
- Annual Base State Funding			\$95,963,000	\$95,963,000		
- Enrollment Funding CHANGE Base	-\$127 million (base budget cut) \$695.8 M	-\$167 million (base budget cut <sup>4</sup> ) \$655.8M	\$45,360,000	\$45,360,000	<b>X</b>	

<sup>1</sup> This request forwards **2008 High Skills, High Wages Strategic Opportunity**

<sup>2</sup> This request forwards **Retooling WA** strategies.

<sup>3</sup> This figure is based on a calculation of state budget funds utilized by community and technical colleges for Adult Basic Education in 2008 and 2009 and does not include the reduced amounts that resulted from cuts to the base budget. This figure includes tuition funds (including tuition from non-ABE students that subsidize ABE). Without tuitions state funds total \$72,751,087.

<sup>4</sup> This includes an additional cut of \$40 million directed by Governor Gregoire in October 2010.

# Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD

**Agency:** 350 Office of Superintendent of Public Instruction  
**Budget Period:** 2011-13

**Recommendation Summary:**

Preparation for high-skill, high-wage, and high-demand careers requires integration of strong academic and technical skills. As students face more rigorous graduation requirements in the academic areas, there is a need to provide Career and Technical Education (CTE) instructors with professional development in order for them to effectively integrate math, science, and literacy into both exploratory and preparatory CTE courses. Additionally, given new CTE program requirements that require districts to maximize opportunities for students to earn dual high school and college credit in CTE programs, districts must be provided with training support for their CTE instructors who wish to become Advanced Placement (AP)/CTE certified.

The Superintendent requests \$740,000 for the 2011-13 biennium in order to provide professional development for CTE instructors to integrate math, science, and literacy instruction into their courses, to establish two Secondary Integrated Basic Education and Skills Training (I-BEST) programs, and to provide districts with OSPI staff support and coordination as they work to expand their AP/CTE programs.

**Fiscal Detail**

Operating Expenditures		FY 2012	FY 2013	Total
General Fund	001-01	\$370,000	\$370,000	\$740,000
<b>Total Cost</b>		<b>\$370,000</b>	<b>\$370,000</b>	<b>\$740,000</b>

Staffing	FY 2012	FY 2013	Annual Avg.
<b>Total FTEs Requested</b>	.3	.3	.3

**Package Description**

**Background**

In our state, every school district offers some CTE classes, CTE career exploration services, and access to CTE focused student leadership organizations. Secondary CTE is not a stopping point, but a beginning point for further education and training that can lead to post-secondary education, and careers in high demand fields. Despite the benefits offered by rigorous CTE programs, the 2008 Legislature found that state policies have been piecemeal in support of career and technical education. The Legislature passed Second Substitute Senate Bill 6377 (2SSB 6377) in an attempt to increase the quality and rigor of secondary career and technical education, improve links to postsecondary education, encourage and facilitate academic instruction through career and technical courses, and expand access to and awareness of the opportunities offered by high quality career and technical education.

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## Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD

Since that time, the CTE division at OSPI has been working with districts, successfully, to expand CTE programs.

### **Current Situation**

Effective August 31, 2010, in order for a school districts' CTE plans to be approved, they must specify how CTE programs will ensure academic rigor; align with the state's education reform requirements; help address the skills gap of Washington's economy; and maintain strong relationships with local CTE advisory councils for the design and delivery of career and technical education.

In addition, rules stipulate that all approved preparatory secondary career and technical education programs must either lead to a certificate or credential that is state or nationally recognized by trades, industries, or other professional associations as necessary for employment or advancement in that field; or allow students to earn dual credit for high school and college through Advanced Placement, Tech Prep programs, or other similar agreements or programs.

While there has been some success recently in the expansion of CTE programs, CTE instructors need additional professional development in order to effectively integrate math, science, and literacy instruction into their courses, in ways that align with state standards.

Further, as CTE programs expand, all students, regardless of their race/ethnicity or English language abilities must be provided with equitable access to CTE. Currently, English language learners make up 8% of the secondary school population (9-12). Even as we have the obligation to provide opportunities for these students to improve their English language abilities they should also have access to skills training that can lead to post-secondary education and or careers. The integration of English language acquisition with hands-on, project based learning is a critical element to ensuring equitable access and to close the achievement gap.

### **Proposed Solution**

**Math, Science, and Literacy Integration:** The Superintendent requests **\$56,000** in the 2011-13 biennium to coordinate one statewide, conference for 200 CTE instructors to receive targeted professional development in strategies for integrating math, science, and literacy instruction into their courses. Many courses, like applied math, already integrate academics into their curriculum, but this funding will be used to expand that list. Specific examples of academic and CTE course that can be integrated are: anatomy and physiology into the health sciences; biology into biotechnology, research and development; chemistry into fire sciences; and geometry into drafting and design.

The statewide training will be followed-up by 9 regional training opportunities helping to ensure alignment between CTE courses and the State's academic standards as courses are implemented. This integration support will provide students with greater access to applied learning opportunities, and will lead to additional course equivalencies.

## Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD

**Secondary I-BEST:** The Superintendent also requests **\$500,000** in the 2011-13 biennium to support two Secondary Integrated Basic Education and Skills Training (I-BEST) CTE programs in local districts with high concentrations of English Language Learners. By emphasizing basic education and skills training, Secondary I-BEST programs provide English language learners with an opportunity to receive instruction in both their native language and in English to help to facilitate skill development and language acquisition.

**Public Awareness:** The Superintendent also requests **\$56,000** in the 2011-13 biennium to increase awareness among educators, students, and the community of the expanding opportunities offered by high quality career and technical education. In particular, OSPI wants to ensure that as program options expand we continue to provide both racial/ethnic, and language minority students with equal access to CTE. These funds will be used to implement targeted awareness strategies.

**Advance Placement/CTE Expansion:** In the 2009-10 school year OSPI leveraged a three year old partnership with the College Board (administrator of AP) to coordinate a pilot program for CTE instructors who wanted to become AP certified. CTE teachers interested in developing AP courses in Environmental Science and Studio Art were mentored by current AP/CTE teachers and College Board trainers. Mentees in the pilot worked to create course syllabi to submit to the College Board for approval. In addition, in order for a course to be classified as AP/CTE it must not only meet College Board standards, but also CTE standards around skill development and leadership. The pilot was successful at helping 8 CTE instructors to create AP certified CTE courses.

The Superintendent requests **\$128,000** in the 2011-13 biennium to continue the AP certification program. These funds will support a .25 program supervisor who will coordinate professional development and training opportunities for 16 CTE instructors. These resources would allow OSPI to double participation from the 2009-10 year and to increase the number of courses offered from 2-3.

The total cost of this request is \$740,000 for the biennium.

### **Contact person**

Kathleen Lopp, Assistant Superintendent – Career and College Readiness  
360-725-6256, [kathleen.lope@k12.wa.us](mailto:kathleen.lope@k12.wa.us)

# Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD

## Narrative Justification and Impact Statement

### **Performance outcomes**

As a result of this funding OSPI expects to:

- Increase the number of well trained CTE instructors who will return to their school districts and classrooms prepared to integrate math, science, and literacy into their curriculum.
- Increased academic course equivalencies for CTE courses
- Improved CTE students' mathematical understanding
- Increased skills attainment for those CTE students who enter the workforce right after high school
- Increased number of CTE students who meet college entrance requirements.
- CTE course content integrated across the three domains of Career and Technical, academic, and language.

### **Performance Measure Detail**

In order to gauge the success of these programs OSPI will track the change in the number of approved course equivalencies; the number of approved AP/CTE programs; changes in student participation, and concentration in CTE career pathways; and outcomes for CTE completers.

### **Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

This decision package supports two of the Superintendent's strategic priorities. Innovation high schools will contribute to increasing student achievement and decreasing the dropout rate; along with expanding Career and Technical Education programs.

### **Does this decision package provide essential support to one of the Governor's priorities?**

This decision package supports the Governor's priority to create a world class education system in the State of Washington because innovation high schools will contribute to Washington's drive to use innovation as a means to compete globally.

### **Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?**

This decision package will help to ensure that our State's education system has the flexibility to train students for the careers and trades that are high paying and in highest demand in our economy. As we increase the extent to which instructors are cross trained and increase the breath of courses that students have access to we will help to ensure adaptability into the future.

### **What are the other important connections or impacts related to this proposal?**

In 2008, the legislature passed Second Substitute Senate Bill (2SSB) 6377. The legislations sought to increase the quality and rigor of secondary career and technical education, improve links to postsecondary education, encourage and facilitate academic instruction through career

**Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD**

and technical courses, and expand access to and awareness of the opportunities offered by high quality career and technical education.

Funding this proposal is a strategy that will increase math, science, literacy and AP integration with CTE; helping to fulfill the intent of this legislation.

**Impact on Clients and Services**

As a result of this funding more CTE instructors will be trained to integrated math, science and literacy into their courses in a way that aligns with rigorous state standards. In addition, more students will have access to dual credit AP/CTE courses; and educators, students, and the community will be made aware of the expanding opportunities offered through CTE.

**Impact on Other State Programs**

No other state programs will be impacted by this proposal.

**What alternatives were explored by the agency, and why was this alternative chosen?**

The alternative to funding this proposal is to continue to let districts expand their CTE programs in a piecemeal fashion, with little state level guidance and support. Funding this proposal will support a coordinated effort to improve links to postsecondary education, encourage and facilitate academic instruction through career and technical courses, and expand access to and awareness of the opportunities offered by high quality career and technical education.

**What are the consequences of not funding this package?**

In 2008, the Legislature found that policies calling for students to meet higher academic learning standards coupled with increasing credit requirements for high school graduation may restrict students from pursuing high quality career and technical education programs if they do not have adequate time in their schedules to enroll in a progressive sequence of career and technical courses.

Districts can offer academic course equivalencies through CTE to try to mitigate the negative impact these policy changes may have on CTE enrollment. However, if this decision package is not funded it may slow the development of these courses, thereby limiting many students' access to Career and Technical Education.

**What is the relationship, if any, to the state's capital budget?**

There is no relationship between this decision package and the state's capital budget.

**What changes would be required to existing statutes, rules, or contracts, in order to implement the change?**

There are no changes to existing statutes or rules required to implement this change.

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**Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD**

**Expenditure and revenue calculations and assumptions:**

**Revenue Calculations and Assumptions:**

There are no anticipated revenues associated with this decision package.

**Expenditure Calculations and Assumptions:**

***Math, Science, and Literacy Professional Development—total = \$28,000/yr.***

- Includes the cost for 200 CTE Instructors, and 5 OSPI staff to attend a one and one-half (1.5) day state-wide targeted professional development conference.
- OSPI staff will also coordinate 9 additional sessions at each educational service district across the state for an estimated 20 participants at each site.
- The costs for each training session includes the location, facilitators, lunches for participants, and travel and meals for OSPI staff

***Public Awareness—total = \$28,000 annually***

- Cost of a public awareness activities.

***Secondary I-BEST Program—total = \$250,000 annually***

- Cost of two Secondary I-BEST start-up grants.

***AP/CTE Expansion—total = \$64,000 annually***

- .25 program coordinator = \$30,000 per year. (includes salary, benefits, travel, and supplies)
- Training and Mentorship = \$ 34,000 per year. for 2 full-day mentor/mentee meetings, and 1 full-day College Board training. (includes travel, meals and substitutes for all attendees)

**Object Detail**

		<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
A	Salary and Wages	\$17,256	\$17,256	\$34,512
B	Employee Benefits	\$8,502	\$8,502	\$17,004
C	Contracts	\$40,475	\$40,475	\$80,950
E	Goods/Services	\$14,445	\$14,445	\$28,890
G	Travel	\$39,322	\$39,322	\$78,644
J	Equipment	\$0	\$0	\$0
N	Grants	\$250,000	\$250,000	\$500,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
	<b>Total Objects</b>	<b>\$370,000</b>	<b>\$370,000</b>	<b>\$740,000</b>

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## Math, Science, Literacy, & Advanced Placement Integration in CTE Programs, AD

### Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2012	FY 2013	Avg	FY 2012	FY 2013	Total
A035 Career and Technical Education	055	.3	.3	.3	\$370,000	\$370,000	\$740,000
<b>Total Activities</b>					<b>\$370,000</b>	<b>\$370,000</b>	<b>\$740,000</b>

### Six-Year Expenditure Estimates

Fund	11-13 Total	13-15 Total	15-17 Total
General Fund - State	\$740,000	\$740,000	\$740,000
<b>Expenditure Total</b>	<b>\$740,000</b>	<b>\$740,000</b>	<b>\$740,000</b>
FTEs	.3	.3	.3

#### **Distinction between one-time and ongoing costs:**

All cost identified in the 2011-13 biennium are on-going.

#### **Budget impacts in future biennia:**

The costs identified in fiscal years 2014-2017 represent the costs of continuing the programs with the same scope in future biennia.

# Innovation Partnership High School Programs - AA

**Agency:** 350 Office of Superintendent of Public Instruction  
**Budget Period:** 2011-13

## **Recommendation Summary:**

Traditional high schools are not effective at meeting all students' educational needs. The unique pedagogical framework envisioned in Innovation Partnership High School Programs emphasizes project-based instruction around a regional theme such as renewable energy technologies, aerospace materials, and other STEM fields (see attachment A). This will provide students with access to engaging, rigorous, and practical educational experiences otherwise unavailable to them.

To help ensure that all students have access to enriching educational experiences, Superintendent Dorn requests \$2,310,000 in the 2011-13 biennium to facilitate the development of Innovation Partnership High School Programs within 11 high schools across the state. Districts will receive funding for an initial year of planning and a second year in which they will implement Innovation high school curriculum and instructional practices.

## **Fiscal Detail**

<b>Operating Expenditures</b>		<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
General Fund - State	001-01	\$1,100,000	\$1,210,000	\$2,310,000
<b>Total Cost</b>		<b>\$1,100,000</b>	<b>\$1,210,000</b>	<b>\$2,310,000</b>

<b>Staffing</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Annual Avg.</b>
<b>Total FTEs Requested</b>	0.00	0.00	0.00

## **Package Description**

### **Background**

Innovation Partnership High School Programs are technology-infused learning environments that provide students with career and college-ready knowledge and the skills necessary to succeed in high-demand professional/technical occupations such as those in the fields of science, technology, engineering and math (STEM). Innovation Partnership High School Programs offer a rigorous curriculum that integrates core academics with the project-based; real-world experiences found in Career and Technical Education.

Innovation Partnership High School Programs will contribute to our state's drive for innovation, quality, and efficiency in all of our public schools—contributing to closing our achievement gaps and improving our state's high school graduation rate.

# Innovation Partnership High School Programs - AA

## **Current Situation**

Many school districts, colleges and universities, businesses and various other stakeholders want to see that students have access to an education that will prepare them to thrive in a 21<sup>st</sup> century economy. Currently, 6% of students drop out of high school each year, and we see persistent achievement gaps among racial, ethnic, and language minority groups; and low-income students. For a number of reasons traditional high schools are failing to meet the needs of all students, and Innovation Partnership High School Programs have the potential to provide more students with an opportunity to develop the advanced critical thinking and problem solving skills that will be expected of them. Unfortunately, the cost of developing Innovation high schools is more than local school districts can take on alone; especially given the current economic climate.

## **Proposed Solution**

In order to facilitate the development of Innovation Partnership High School Programs, the Superintendent requests funds to provide eleven school districts with one year planning grants, and one additional year of program support. The proposed program distribution will coincide with the Washington State Department of Commerce’s currently designated eleven Innovation Partnership Zones. These regional Innovation Partnership Zones already promote collaboration among business, research, and higher education institutions. Innovation high schools would fit into this existing institutional framework.

In the planning year, funds will be used to pay staff for their time spent developing the program, and for professional development around project-based instructional methods. In the second year of the grant funds will provide 100 students at each Innovation high school with the opportunity to spend 40% of their day in exploratory CTE courses and the remainder of their time in project-based non-CTE courses.

## **Contact person**

Kathleen Lopp, Assistant Superintendent – Career and College Readiness  
360-725-6256, [kathleen.lopp@k12.wa.us](mailto:kathleen.lopp@k12.wa.us)

## **Narrative Justification and Impact Statement**

### **Performance Outcomes**

As a result of supporting the development of Innovations high schools the agency expects to see increased collaboration with neighboring school districts, universities, colleges and parents in an effort to maximize the positive impact that rigorous—real-world educational experiences can have on student achievement. In addition, the agency expects to see increased parent understanding of and engagement with establishing high student expectations for learning and career preparation. Finally, the agency expects that students who participate in Innovation high school programs will be more engaged in planning for career and college readiness, using effective guidance models such as Navigation 101.

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# Innovation Partnership High School Programs - AA

## Performance Measure Detail

In order to gauge the success of Innovation high schools, the agency will track the performance of participant students against the performance targets set for CTE by Federal Perkins IV. These secondary student accountability measures include:

- Academic Attainment in Reading/Language Arts
- Academic Attainment in Mathematics
- Technical Skill Attainment
- School Completion
- Student Graduation Rates
- Placement
- Nontraditional Participation (participation in CTE programs in which their gender is traditionally underrepresented)
- Nontraditional Completion

### **Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

This decision package supports two of the Superintendent's strategic priorities. Innovation high schools will contribute to increasing student achievement and decreasing the dropout rate; along with expanding Career and Technical Education programs.

### **Reason for change:**

### **Does this decision package provide essential support to one of the Governor's priorities?**

This decision package supports the Governor's priority to create a world class education system in the State of Washington because innovation high schools will contribute to Washington's drive to use innovation as a means to compete globally.

### **Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?**

This decision package will help to ensure that more students stay engaged in the education system. As more students persist to graduation research shows that the State will see benefits in the form of fewer youth that pass through the criminal justice system, less incidence of dependence on social service programs, and increased revenues paid to the State when those who persist to graduation secure higher wage jobs than they would have had they dropped out of high school.

### **What are the other important connections or impacts related to this proposal?**

In 2008, an Advisory Committee (Committee) was convened pursuant to Section 308 of the Second Substitute Senate Bill (2SSB) 6377 of the 60th Legislature. The legislation sought to increase the quality and rigor of secondary career and technical education, improve links to postsecondary education, encourage and facilitate academic instruction through career and

## Innovation Partnership High School Programs - AA

technical courses, and expand access to and awareness of the opportunities offered by high quality career and technical education.

The Committee included representatives from school districts, high schools, skills centers, community and technical colleges, workforce development councils, Workforce Training and Education Coordinating Board (WTECB), Washington Association for Career and Technical Education (WA-ACTE), Washington State Apprenticeship and Training Council (WSATC), and State Board for Community and Technical Colleges (SBCTC). The Office of Superintendent of Public Instruction (OSPI), university and college faculty and administrators, Educational Service Districts (ESDs), Employment Security Department, foundations, industry, businesses, teachers, parents, and students also participated. This committee was supportive of the development of Innovation high schools across the state and will likely be supportive of this proposal.

### Impact on Clients and Services

Funding this decision package will have a positive impact on participating students who will have additional options to fulfill their high school graduation requirements. For some students, participating in Innovation high school programs will be a pathway to rewarding careers in fields such as STEM. Innovation Partnership High School Programs will also increase the effectiveness of instruction for those students with which traditional pedagogical strategies do not resonate.

### Impact on Other State Programs

#### **What alternatives were explored by the agency, and why was this alternative chosen?**

An alternative approach to creating Innovation Partnership High School Programs within schools would be to create entirely new schools for this purpose. This strategy was chosen because it is feasible to implement within the existing infrastructure. This proposal will maximize efficiency, by leverage resources within schools. This strategy minimizes the start-up operating and capital costs required to build programs from the ground up.

#### **What are the consequences of not funding this package?**

In 2SSB 6377 the Legislature found that increased expectations for students to meet the state's academic learning standards require students to take remedial courses. At the same time, the state board of education is considering increasing credit requirements for high school graduation. Together these policies could restrict students from pursuing high quality career and technical education programs because students would not have adequate time in their schedules to enroll in a progressive sequence of career and technical courses. If this decision package is not funded many students will not have an opportunity to benefit from the opportunities presented by high-quality Career and Technical Education.

# Innovation Partnership High School Programs - AA

## **What is the relationship, if any, to the state's capital budget?**

There is no relationship between this decision package and the current biennial capital budget. However, in future years if districts decide to expand their Innovation Partnership High School Programs to serve more students and offer more courses in high-cost fields they may need capital resources to fund new construction and renovations of existing facilities.

## **What changes would be required to existing statutes, rules, or contracts, in order to implement the change?**

There are no changes to existing statutes or rules required to implement this change.

## **Expenditure and revenue calculations and assumptions:**

### **Revenue Calculations and Assumptions:**

There are no anticipated revenues associated with this decision package.

### **Expenditure Calculations and Assumptions:**

In fiscal year 2012, the expenditures identified in this request represent the cost of eleven \$100,000 grants to be distributed to school districts, and used for staff and non-staff program planning related expenses.

In fiscal year 2013, the expenditures identified represent the difference between the basic education allocation and the enhanced allocation for CTE staff and CTE materials, supplies and operating costs (MSOC). To launch the program for 100 students, the Superintendent requests that funding for students' exploratory CTE courses be allocated at the skill center rate for staff and MSOC, and that funding for project-based non-CTE courses be allocated at the exploratory CTE rate.

In the 2011-11 school year the Skill Center enhancement will be roughly \$1400, and the CTE enhancement will be roughly \$900. Given that 40% of each FTE student's time will be spent in exploratory CTE courses (.40 FTE x \$1400) and 60% of each FTE student's time will be spend in project-based non-CTE courses (.60 x \$900) the total cost to implement the program at each site for 100 students will be \$110,000. The total cost to implement the program at all eleven sites is \$2,310,000.

## Innovation Partnership High School Programs - AA

### Object Detail

		FY 2012	FY 2013	Total
A	Salary and Wages	\$0	\$0	\$0
B	Employee Benefits	\$0	\$0	\$0
C	Contracts	\$0	\$0	\$0
E	Goods/Services	\$0	\$0	\$0
G	Travel	\$0	\$0	\$0
J	Equipment	\$0	\$0	\$0
N	Grants	\$1,100,000	\$1,210,000	\$2,310,000
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
<b>Total Objects</b>		<b>\$1,100,000</b>	<b>\$1,210,000</b>	<b>\$2,310,000</b>

### Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2012	FY 2013	Avg	FY 2012	FY 2013	Total
A035 Career and Technical Education	010	0.00	0.00	0.00	\$1,100,000	\$1,210,000	\$2,310,000
					\$0	\$0	\$0
<b>Total Activities</b>					<b>\$1,100,000</b>	<b>\$1,210,000</b>	<b>\$2,310,000</b>

### Six-Year Expenditure Estimates

Fund	11-13 Total	13-15 Total	15-17 Total
General Fund - State	\$2,310,000	\$6,050,000	\$9,680,000
<b>Expenditure Total</b>	<b>\$2,310,000</b>	<b>\$6,050,000</b>	<b>\$9,680,000</b>
FTEs	0.00	0.00	0.00

### **Distinction between one-time and ongoing costs:**

The costs identified in fiscal year 2012 are one-time start up costs. The cost identified in fiscal year 2013 represents the on-going cost of providing a reduced class size and additional materials for 100 students at each of eleven Innovation high school sites.

### **Budget impacts in future biennia:**

Schools will add an additional 100 9<sup>th</sup> grade students each year until the 2015-16 school year when they will serve 400 students. Students will take exploratory CTE programs in the 9<sup>th</sup> & 10<sup>th</sup> grades, preparatory in the 11<sup>th</sup> & 12<sup>th</sup> grade, and graduate with real world knowledge and skills.

## Innovation Partnership High School Programs - AA

The increasing costs identified in fiscal years 2014-17 represent the incremental cost of adding 100 additional students each year.

In the 2015-16 school year a total of 4,400 students will be enrolled in Innovation Partnership High School Programs. The annual on-going cost of the program at full enrollment is estimated at \$4,840,000.

## Dropout Reduction Initiative, AC

**Agency:** 350 Office of Superintendent of Public Instruction  
**Budget Period:** 2011-13

**Recommendation Summary Text (Short Description):**

Superintendent Dorn requests \$5,864,259 to implement a comprehensive dropout reduction initiative in selected school districts, serving schools with high dropout rates. This initiative will expand the use of a research based, longitudinal and disaggregated student information data system, to identify students at risk of dropping out; provide for progress monitoring of identified students, and drive administrative decision making to engage students and reduce dropouts. Each grant to a school district will include funding to hire a district coordinator and graduation specialist to be placed in schools served. To ensure the sustainability and replication of these efforts, Education Service Districts will hire a project manager to develop regional, multi-partner youth consortia; provide technical assistance to local districts; and form cooperative dropout re-engagement programs.

**Fiscal Detail**

Operating Expenditures		FY 2012	FY 2013	Total
General Fund	001-01	\$2,924,444	\$2,939,815	\$5,864,259
<b>Total Cost</b>		<b>\$2,924,444</b>	<b>\$2,939,815</b>	<b>\$5,864,259</b>

Staffing	FY 2012	FY 2013	Annual Avg.
<b>Total FTEs Requested</b>	1.5	1.5	1.5

**Package Description**

**Background**

The consequences of not graduating from high school are serious for both individuals and society as a whole. Students who exit school prematurely face an uphill battle throughout their lifetimes in securing a livable wage in the global economy. Students who drop out tend to experience more frequent occurrences of early pregnancy, substance abuse, mental health issues, and tend to have greater need of publicly funded health and social services. According to a 2009 analysis by Washington State Institute for Public Policy, the average annual saving to taxpayers generated by preventing one high school student from dropping out is \$10,500.

**Current Situation**

According to current data from the Office of Superintendent of Public Instruction (OSPI), on-time graduation rate was 73.5 percent. The annual dropout rate for students from ethnic minority groups represented the highest percentage of students dropping out. American Indian students dropped out at the highest rate of 36.4 percent; African American students dropped out at a rate of 28.6 percent; and Hispanic students, a growing minority population, dropped out at a rate of 27.2 percent.

## **Dropout Reduction Initiative, AC**

During the 2008–09 school year, 18,197 students dropped out of high school in Washington State. This trend has remained steady over the last ten years. These figures clearly indicate that prevention and intervention strategies to keep students engaged in school and on track to graduate from high school are critical.

### **Proposed Solution**

In 2010, Superintendent Dorn requested and saw passed two significant pieces of legislation in support of his dropout reduction agenda. The first, Engrossed Senate Substitute Bill 6403 expanded the duties of Building Bridges Legislative Workgroup. OSPI, in collaboration with this workgroup, is mandated to create a state infrastructure to support regional and local school district/community dropout efforts. The workgroup is comprised of multiple state partners representing K-12 education, higher education, social and health services, the courts, workforce agencies, and community organizations. The workgroup was cited by the National Governors Association Center for Best Practices<sup>1</sup> as a recommended strategy that states can take to address the dropout issue. The second piece of legislation, House Bill 1418, a 2009 workgroup recommendation, creates a statutory framework for a statewide dropout re-engagement system to provide education and services to older youth who have dropped out of school.

With this state level infrastructure in place, OSPI proposes the phase in of a comprehensive, data informed, dropout prevention, intervention, and re-engagement initiative which will include:

- The expanded use of effective and efficient early warning and progress monitoring functions in existing student information systems data systems.
- Cohort-based, longitudinal studies to identify the district specific, risk factors; and customize the student information data systems to inform intervention and dropout re-engagement efforts.
- District Improvement Planning with a focus on dropout and achievement gap reduction
- Technical assistance to improve data quality, capacity for replication, and inform the development of new and/or improved screening, assessment and intervention strategies.
- Coordination of state, regional, and local supports, community engagement, and academic and student support interventions that are outcome based and promote academic achievement for all students.

This decision package will allow OSPI to implement a comprehensive dropout reduction initiative in select school districts by expanding the use of a research based, longitudinal and disaggregated student information data system, to identify students at risk of dropping out; progress monitor identified students, and drive administrative decision making. Funding will be used to establish Student Assistance Programs, including a district coordinator and school based graduation specialists. To ensure the sustainability and replication of these efforts, Education Service Districts will hire a project manager to develop regional, multi-partner youth consortia;

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<sup>1</sup> 2009 report, *Achieving Graduation for All*.

**Dropout Reduction Initiative, AC**

provide technical assistance to local districts; and form cooperative dropout re-engagement programs.

**Contact person**

Dan Newell, Assistant Superintendent of Secondary Education, (360) 725-4954

**Narrative Justification and Impact Statement** (Includes the following section)

**What specific performance outcomes does the agency expect?**

Beginning in year two participating districts will reduce dropout rates by ten percent annually and re-engage twenty-five percent of identified students who had previously dropped out.

**Performance Measure Detail**

<b>Local District Performance Measures</b>	<b>OSPI Specific Performance Measures</b>	<b>Possible Partner Agency Performance Measures</b>
Increase On-time Graduation Rate	Increase On-time Graduation Rate	Decrease in Percent of Youth Crime
Decrease Extended Graduation Rate	Decrease Extended Graduation Rate	Decrease in Recidivism Rates for Youth Offenders
Decrease Dropout Rate	Decrease Dropout Rate	Increase in number of students going to community college or four year institutions
Decrease Absenteeism Rate	Decrease Absenteeism Rate	Decrease in the number of foster and homeless children who dropout of school
Dropout Early Warning Data system operational	Increase Amount of Money statewide Leveraged for prevention of dropouts	Decrease usage of drugs or alcohol among teens
Decrease the achievement/opportunity gap	Decrease the achievement/opportunity gap	

**Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

Yes. Superintendent Dorn has made addressing the dropout issue one of his top five priorities.

## **Dropout Reduction Initiative, AC**

### **Reason for change:**

#### **Does this decision package provide essential support to one of the Governor's priorities?**

Yes, this package supports the Governor's priority to increase student achievement in elementary, middle and high schools.

#### **Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?**

Yes, this decision package helps the state fulfill its constitutional duty to make ample provisions for the education of all children in the state.

#### **What are the other important connections or impacts related to this proposal?**

At the state level, this project will strengthen and support the dropout reduction initiative already underway in the state of Washington. OSPI and the multiple state partner agencies represented on the Building Bridges Workgroup are committed to the continued development of a cross-systems policy framework to support dropout reduction; the coordination of services across agencies and recommendations to the state legislature to support the expansion of these practices to all Washington State schools. Agency members of the workgroup have committed to addressing strategic alignment of resources; and maximizing expertise and minimizing isolation among state, regional, and local agencies. In addition to traditional agency partnerships, state, regional, and local teams will provide significant and focused support and opportunities for businesses, local programs, and parents/families to have meaningful purpose and involvement in the lives of students.

#### **Impact on Clients and Services**

Students will be engaged to stay in school and will have better opportunities for post secondary education or employment after receiving a high school diploma.

#### **Impact on Other State Programs**

Many of the students represented in the dropout population are served by other state systems (i.e. foster care, juvenile justice). ESDs will establish regional, multi-disciplinary youth services consortia, as many of these other systems that provide services to vulnerable youth are regional or county based. These consortia will work to coordinate resources, provide technical assistance and target multi systems supports to districts based on identified needs. In addition they will develop regionally based strategies to address gaps in services as identified by local districts. ESDs and regional partners play a critical role in building capacity and process standards that will support scalability to replicate these efforts across all the districts in the state.

## Dropout Reduction Initiative, AC

**What alternatives were explored by the agency, and why was this alternative chosen?**

The Building Bridges workgroup continues to explore options for reducing dropout rates throughout the state. This option was chosen as it represents interventions that are supported by research as the most efficient and effective strategies to build long term capacity and providing for direct intervention at the student level.

**What are the consequences of not funding this package?**

Students will continue to dropout in significant numbers if districts and schools are not provided the resources and training to address this issue.

**What is the relationship, if any, to the state's capital budget?**

None

**What changes would be required to existing statutes, rules, or contracts, in order to implement the change?**

None

**Expenditure and revenue calculations and assumptions:**

**Revenue Calculations and Assumptions:**

**Expenditure Calculations and Assumptions:**

This package would fund 1.0 FTE program supervisor and a 0.5 FTE support staff.

**Object Detail**

		<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
A	Salary and Wages	\$86,544	\$86,544	\$173,088
B	Employee Benefits	\$27,400	\$27,400	\$54,800
C	Contracts	\$225,000	\$135,000	\$360,000
E	Goods/Services	\$43,250	\$25,621	\$68,871
G	Travel	\$10,000	\$8,000	\$18,000
J	Equipment	\$10,000	\$0	\$10,000
N	Grants	\$2,522,250	\$2,657,250	\$5,179,500
	Interagency Reimbursement	\$0	\$0	\$0
	Other	\$0	\$0	\$0
<b>Total Objects</b>		<b>\$2,924,444</b>	<b>\$2,939,815</b>	<b>\$5,864,259</b>

## Dropout Reduction Initiative, AC

### Expenditures & FTEs by Program

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2012	FY 2013	Avg	FY 2012	FY 2013	Total
A041 Dropout and Achievement Gap Reduction	010	1.5	1.5	1.5	\$2,924,444	\$2,939,815	\$5,864,259
					\$0	\$0	\$0
<b>Total Activities</b>		<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>\$2,924,444</b>	<b>\$2,939,815</b>	<b>\$5,864,259</b>

### Six-Year Expenditure Estimates

Fund	11-13 Total	13-15 Total	15-17 Total
GFS 001	\$5,864,259	\$5,864,259	\$5,864,259
<b>Expenditure Total</b>	<b>\$5,864,259</b>	<b>\$5,864,259</b>	<b>\$5,864,259</b>
<b>FTEs</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>

#### **Distinction between one-time and ongoing costs:**

All costs would be ongoing costs.

#### **Budget impacts in future biennia:**

It is anticipated that continued funding for all program elements within this decision package will allow ESDs to establish firm processes and partnerships. While the selected schools and districts may change over time, the costs to continue the program in new districts would be ongoing – and only be phased out as additional funding for support staff is provided through basic education funding formulas.

# STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

## 2011-13 Operating Budget Request Policy Level Decision Packages

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### Policy Level

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**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Policy Level Recommendation Summaries**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>2011-13</b>
<b>Policy Level Request (Total)</b>	<b><u>\$87,616,000</u></b>	<b><u>\$102,186,000</u></b>	<b><u>\$189,802,000</u></b>
1 Retain Worker Retraining Funding	\$17,556,000	\$17,556,000	\$35,112,000
2 Student Achievement Initiative	\$2,920,000	\$7,850,000	\$10,770,000
3 Restore Adult Basic Education Funding	\$13,320,000	\$17,880,000	\$31,200,000
4 Enrollment	\$45,360,000	\$45,360,000	\$90,720,000
5 Technology Stabilization	\$1,860,000	\$140,000	\$2,000,000
6 Compensation	\$6,600,000	\$13,400,000	\$20,000,000
7 Yakima Valley CC Collective Bargaining	TBD	TBD	TBD

**Retain Worker Retraining Funding**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$17,556,000	\$17,556,000	\$35,112,000

The State Board for Community and Technical Colleges (SBCTC) requests \$35.1 million in the 2011-13 Biennial Budget for the Worker Retraining Program. Unemployment rates are projected to remain at levels that will drive high enrollment demand in this program. The requested level of funding will maintain enrollment in the Worker Retraining (WRT) program at the levels funded in the 2010 Supplemental Budget.

**Student Achievement Initiative**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$2,920,000	\$7,850,000	\$10,770,000

The State Board for Community and Technical College's Student Achievement Initiative (SAI) is a performance incentive funding system for community and technical colleges. Its purposes are to improve public accountability by more accurately describing how students advance in our colleges each year, and to provide incentives through financial rewards to colleges for increasing the levels of achievement attained by their students. It represents a shift from funding entirely for enrollment inputs to also funding meaningful outcomes. The State Board for Community and Technical Colleges (SBCTC) requests \$10.8 million in the 2011-13 Biennial Budget for the Student Achievement Initiative.

**Restore Adult Basic Education**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$13,320,000	\$17,880,000	\$31,200,000

The State Board for Community and Technical Colleges (SBCTC) requests \$31.2 million for Adult Basic Education (ABE) programs and services. While enrollments in other mission areas have increased, Adult Basic Education – which serves the fastest growing part of our workforce – has lost ground as colleges have dealt with three consecutive years of state funding reductions.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Policy Level Recommendation Summaries**

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**Enrollment**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$45,360,000	\$45,360,00	\$90,720,000

The State Board for Community and Technical Colleges (SBCTC) requests \$90.7 million in the 2011-13 Biennial Budget for 8,100 full-time equivalent student enrollments. This funding will bring state funding into line with Legislative enrollment targets and will begin to reverse the adverse impacts of three years of budget reductions on community and technical college programs and services.

**Technology Stabilization**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$1,860,000	\$140,00	\$2,000,000

The State Board for Community and Technical Colleges (SBCTC) requests \$2.0 million and 1.0 FTE in the 2011-13 Biennial Budget to conduct a readiness assessment and implementation planning for the replacement of the 20+ year old legacy system that is currently in use and at risk for failure.

**Compensation**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$6,600,000	\$13,400,00	\$20,000,000

The State Board for Community and Technical Colleges requests \$20.0 million in the 2011-13 Biennial Budget for faculty increments and to recruit and retain non-executive level exempt staff. Faculty increments will improve colleges' ability to recruit and retain a talented and diverse faculty, and provide incentive to faculty for keeping current in their fields and teaching skills. Recruitment and retention funding will mitigate salary compression and inversion issues cause by disproportionate COLAs across job classes.

**Yakima Valley CC Collective Bargaining**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
TBD	TBD	TBD

This is a placeholder for appropriations that may be needed to implement the Chapter 41.80 RCW collective bargaining agreements for 2011-13 Biennium that may be applicable to Yakima Valley Community College. OFM budget instructions require the State Board to submit a decision package for Yakima Valley Community College, however, the agreement is not due to OFM until October 1, 2010, the same day the SBCTC budget request is due.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Retain Worker Retraining Funding**

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**Brief Description:**

The State Board for Community and Technical Colleges (SBCTC) requests \$35.1 million in the 2011-13 Biennial Budget for the Worker Retraining Program. Unemployment rates are projected to remain at levels that will drive high enrollment demand in this program. The requested level of funding will maintain enrollment in the Worker Retraining (WRT) program at the levels funded in the 2010 Supplemental Budget.

**Requested Funding by Fiscal Year**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$17,556,000	\$17,556,000	\$35,112,000

**Support for Request:**

As the economy slowly recovers from the great recession, the lack of alignment between job openings and workers with the appropriate skills to fill them is becoming increasingly apparent. Nationally, the number of job openings has risen more than twice as fast as actual hires.<sup>1</sup> In Washington State, a snapshot of job vacancies in April 2010 shows over 8,300 job openings in health care, 2,600 in professional and technical services, and 2,100 in manufacturing.<sup>2</sup>

Middle skills jobs, requiring at least one year of college, but less than four years, will be one key to the recovery and beyond. Middle skills jobs have been forecasted to account for some 42 percent of job openings through 2017. (Washington's Forgotten Middle Skills Jobs, National Skills Coalition, Oct 2009.) Even prior to the recession, Washington was already experiencing shortages of middle-skill workers in crucial industries. Hiring standards were already changing as employers sought specific skill sets and employees who could apply judgment and thinking skills.

Since 1997, the Worker Retraining Program has been realigning the skills of dislocated workers in response to changes in the Washington State economy. The program has been designed to minimize the long-term loss in earning power that frequently results from layoffs and business closures by providing dislocated workers with the training necessary to pursue new occupations in family wage jobs. Workers retraining in the program find good jobs following training, garner near or above their pre-dislocation wages in those jobs, and remain employed once they find jobs.

The Worker Retraining Program has been funded at \$4,639 per FTES for 6,200 FTES (\$29 million per year) since 1997. Of this amount, \$1,300 per FTES is dedicated to student financial aid and the rest provides general enrollment and student support. The financial aid portion helps students pay a portion

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<sup>1</sup> "Some Firms Struggle to Hire Despite High Unemployment," Mark Whitehouse, Wall Street Journal, August 9, 2010.

<sup>2</sup> "Washington State Spring 2010 Job Vacancy Survey Report," Washington State Employment Security Department, Labor Market and Economic Analysis, July 2010.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Retain Worker Retraining Funding**

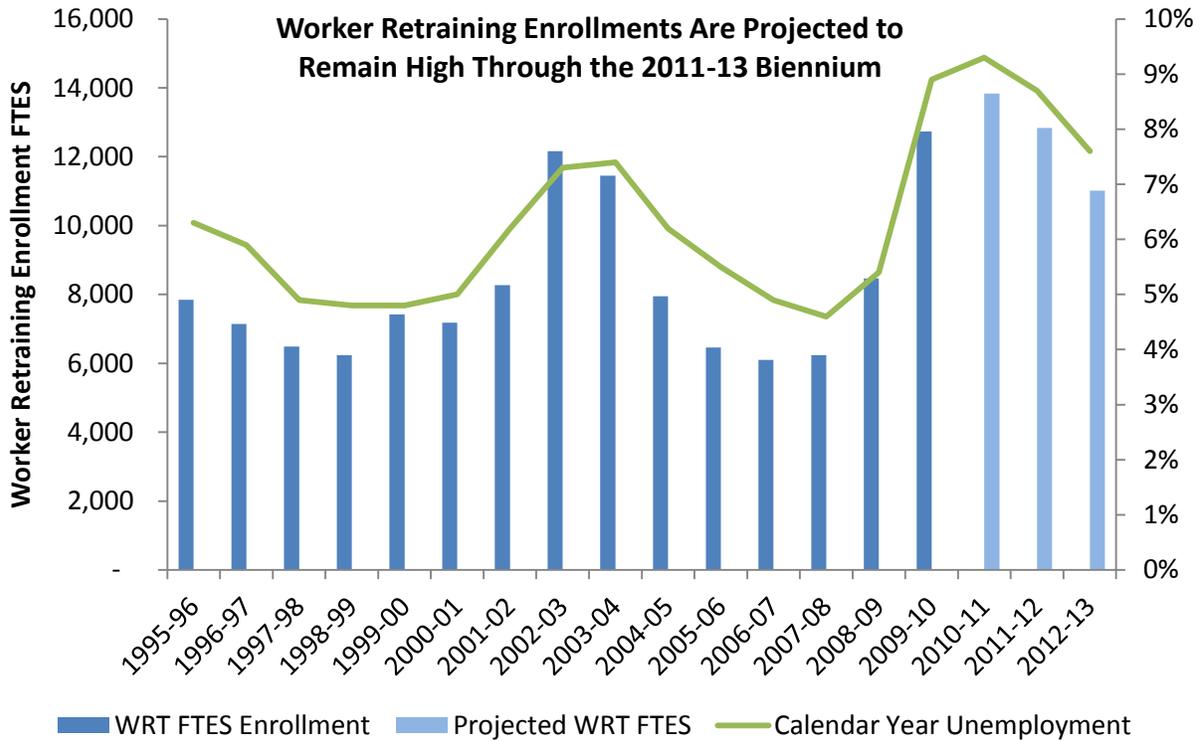
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of tuition, books, fees and other related expenses. The actual amount provided to individual students varies with student need, local eligibility criteria, and numbers of students eligible for aid. The remaining program funding expands the capacity of community and technical colleges to deliver programs that prepare people for work. Based on input from local employers, government, and community, these funds are used primarily to pay faculty salaries to assure slots for Worker Retraining students and to update equipment, revise curriculum, and develop work experience opportunities. Colleges also hire staff to advise Worker Retraining students and coordinate Worker Retraining programs.

In FY 2010, colleges served 12,738 FTES in the Worker Retraining Program, or 18,850 individual students. In the 2010 Supplemental Budget, the Legislature provided one-time additional funding of \$17.6 million for 3,784 WRT FTES in Fiscal Year 2011, bringing total WRT funding to \$46.3 million for 9,984 FTES. The State Board requests that this level of funding be maintained.

Enrollment levels in this program track closely to the unemployment rate. In the current economy, Worker Retraining enrollments have mushroomed to historic record highs. Unemployment is projected to decrease gradually from the August, 2010 rate of almost nine percent. However, the Economic Revenue Forecast Council predicts unemployment will still be 8.23 percent in FY 2012 and 6.94 percent in FY 2013. As in prior years with similar unemployment rates, enrollment demand for the Worker Retraining Program is expected to remain strong and above budgeted levels through the 2011-13 Biennium.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Retain Worker Retraining Funding**



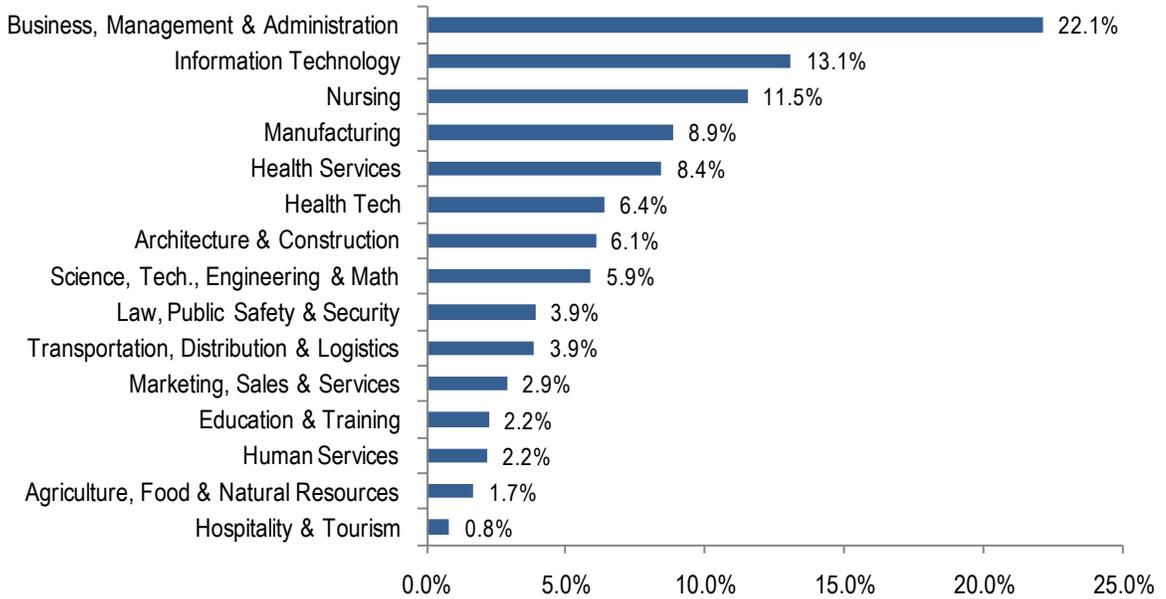
**Worker Retraining Program Information:**

Career Fields of Study: Colleges must focus their Worker Retraining programs on high employer demand professional-technical education and training and must demonstrate how their programs align with the training needs for industries and clusters identified in the regions they serve. The following chart shows the fields of study for Worker Retraining students in the fall of 2009. Nearly half of Worker Retraining students in fall 2009 were enrolled in business management and accounting, information technology, and nursing, all high demand fields.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Retain Worker Retraining Funding**

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**Current Students' Worker Retraining Career Fields of Study  
Fall 2009**



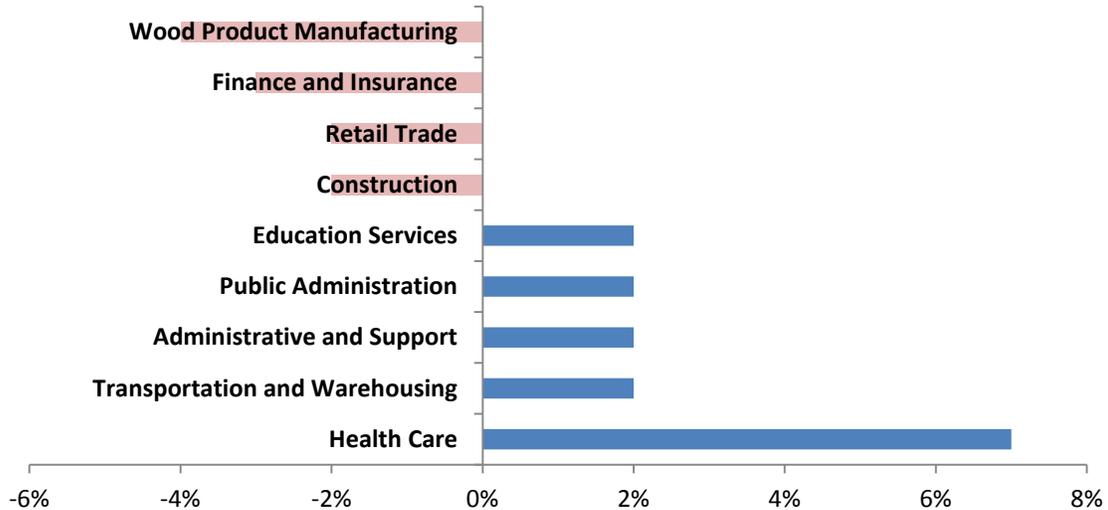
**Wage Recovery:** High-wage earners that complete the Worker Retraining Program recovered 88 percent of their wage when returning to work and low-wage earners recovered 117 percent of their wage. Ninety-four percent of the students who re-entered the workforce in 2007-08 were still working a year later.

**Pre-post Industry Change:** On a net basis, workers returning to the workforce in 2008-09 after training moved out of the wood products manufacturing industry, finance and insurance, retail trade, and construction, as the recession has had devastating effects on these industries. Students are overwhelmingly moving into health care industries that are predominantly higher wage. Lesser numbers of students moved into the transportation, administration and education sectors of Washington's economy.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Retain Worker Retraining Funding**

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**Net Change in Employment by Industry  
WRT Students Who Re-Entered the Workforce in 2008-09**



**This budget request supports the following value statement for Washington:**

Washingtonians value world-class student achievement in early education, elementary, middle, high schools and postsecondary institutions.

- Improve the success of postsecondary learning
  - Support career preparation beyond high school
  - Provide upgrading of skills to current and returning workers
  - Provide access to convenient and efficient high-quality postsecondary education and research opportunities

**This budget request supports the following ten year goal of the SBCTC as identified in the System Direction:**

Strengthen state and local economies by meeting the demands for a well-educated and skilled workforce.

- Meet the needs of changing local economies by increasing the number of skilled employees in the areas of greatest unmet need
- Be responsive to the changing needs of the business community by offering high quality, relevant, flexible programs

**This package addresses the following goals from the SBCTC Mission Study 20-Year Action Plan:**

Close the statewide skills gap for technically trained workers.

**This package supports the following goals of the HECB Strategic Master Plan:**

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Retain Worker Retraining Funding**

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Meet degree goals, workforce needs.

- Take immediate steps to increase degree and certificate production at all levels (mid-level, baccalaureate, and graduate/professional)

**Ongoing vs. One-Time Costs:**

These costs are ongoing.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Student Achievement Initiative**

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**Brief Description:**

The State Board’s Student Achievement Initiative (SAI) is a performance incentive funding system for community and technical colleges. Its purposes are to improve public accountability by more accurately describing how students advance in our colleges each year, and to provide incentives through financial rewards to colleges for increasing the levels of achievement attained by their students. It represents a shift from funding entirely for enrollment inputs to also funding meaningful outcomes. The State Board for Community and Technical Colleges (SBCTC) requests \$10.8 million in the 2011-13 Biennial Budget for the Student Achievement Initiative.

**Requested Funding by Fiscal Year**

FY 2012	FY 2013	Total
\$2,920,000	\$7,850,000	\$10,770,000

**Support for Request:**

In 2006, the State Board for Community and Technical Colleges adopted a System Direction with an overall goal to “raise the knowledge and skills of the state’s residents” by increasing educational attainment across the state.

This goal is a substantial challenge for all of higher education, especially for community and technical colleges. Washington’s community and technical colleges serve a wide spectrum of learning needs from adult literacy for immigrants and K12 drop outs through applied baccalaureate degrees. Our colleges serve a predominantly working class and low income student population. The median age of our students is 26, 35 percent are students of color (compared to the state population at 24 percent people of color), over half are working full- or part-time, one third are parents, and over half attend college part-time.

The Student Achievement Initiative is a performance funding system for community and technical colleges. Its purposes are to improve public accountability by more accurately describing how students progress in our colleges each year, and to provide incentives through financial rewards to colleges for increasing the levels of achievement attained by their students. It represents a shift from funding entirely for enrollment inputs to also funding meaningful outcomes.

The distinctive features of the Student Achievement Initiative have attracted the attention of other states interested in encouraging colleges to improve outcomes for students on a substantial scale. The Ohio Board of Regents is in the process of enacting a new performance funding policy for public two- and four-year colleges that includes aspects modeled on the Washington SAI achievement point concept. President Obama, along with private funders including the Gates and Lumina foundations, have recently set ambitious goals for dramatically increasing the number of Americans who have postsecondary credentials. Given the fiscal situation of states and the federal government, these

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Student Achievement Initiative**

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increases will have to come about in part by efforts to increase the productivity of colleges and universities without extensive new funding. This is likely to increase interest in policies like SAI, which seek to encourage colleges to increase their “throughput” by rethinking how they use their existing resources to accelerate student progression and success.

**Achievement Measures:**

Through a partnership with the Community College Research Center at Columbia University, the college system identified key academic benchmarks students must meet to successfully complete degrees and certificates. These Achievement points are meaningful for all students across demographic characteristics (race, age, income, employment status), academic program or entering skill levels (basic skills, remedial, workforce education, academic transfer), intensity of enrollment (part-time or full-time enrollment), and type of institution attended (urban, rural, large, small, community college, technical college). Rigorous data analysis has identified Achievement points that once accomplished, substantially improve students’ chances of completing degrees and certificates.

There are four categories of Achievement measures:

1. Building towards college level skills (basic skills gains, passing precollege writing or math)
2. First year retention (earning 15 then 30 college level credits)
3. Completing college level math (passing math courses required for either technical or academic associate degrees)
4. Completions (degrees, certificates, apprenticeship training)

These measures focus students and institutions on shorter term, intermediate outcomes that provide meaningful momentum towards degree and certificate completion for all students, no matter where they start. Colleges track student progress towards these Achievement points each quarter, providing immediate feedback and opportunities for intervention strategies.

The 2008-09 academic year was the first performance year and served as the basis of the first round of financial rewards that were distributed to colleges in Fall 2009. Colleges earned a set increment of reward for each Achievement point above their 2006-07 baselines in any of the four categories described above. Once earned, the rewards are added to the college’s base budget. The added funding supports adoption and expansion of promising practices that can lead to further achievement gains.

The college system is already showing gains in Student Achievement. Between the 2006-07 baseline year and 2008-09, the first performance year, the colleges served four percent more students but increased student achievement by 19 percent with the greatest gains occurring in basic skills. These results are first indications of the system-level momentum we expect to build towards greater student achievement and overall student success.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Student Achievement Initiative**

**Achievement Measures**

**Points That Build momentum**

	Students	Increase Basic Skills	Become College Ready	Earn 1st 15 College Credits	Earn 1st 30 College Credits	Earn 5 College math Credits	Complete Certificate, Degree, Apprenticeship	Total Points
<b>2006-07 Baseline</b>	467,809	70,950	61,581	60,422	45,385	33,989	22,932	295,259
<b>2008-09 Performance Year</b>	486,927	94,796	73,652	70,127	52,300	36,000	25,544	352,419
<b>% Change</b>	4%	34%	20%	16%	15%	6%	11%	19%

**Justification of Budget Request:**

This request supports accountability and student success. This initiative will create momentum for both students and colleges. As colleges gain a better understanding of where students get stuck and successfully move them through those hurdles, they will receive financial rewards. The investment of those dollars into expansion of proven strategies will yield additional rewards that can be invested in additional strategies.

This funding request is based upon continued improvement in achievement per student due to practices and efficiencies that enhance student success. The added funding supports adoption and expansion of promising practices that can lead to further achievement gains.

**This budget request supports the following value statement for Washington:**

Washingtonians value world-class student achievement in early education, elementary, middle, high schools and postsecondary institutions.

- Improve the success of postsecondary learning.
  - Ensure efficiency, performance and accountability to students and the public.

**This budget request supports the following ten year goal(s) of the SBCTC as identified in the System Direction:**

- Strengthen state and local economies by meeting the demands for a well-educated and skilled workforce.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Student Achievement Initiative**

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- Achieve increased educational attainment for all residents across the state.
  - Improve academic achievement for all students.

**This budget request addresses the following goals from the SBCTC Mission Study 20-Year Action Plan:**

- Use performance measures and funding as incentives to improve student retention and achievement.

**This budget request supports the following strategies for implementing the HECB Strategic Master Plan:**

- Improve persistence, completion.

**Ongoing vs. One-Time Costs:**

These costs are all ongoing.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Restore Adult Basic Education**

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**Brief Description:**

The State Board for Community and Technical Colleges (SBCTC) requests \$31.2 million for Adult Basic Education (ABE) programs and services. While enrollments in other mission areas have increased, Adult Basic Education – which serves the fastest growing part of our workforce – has lost ground as colleges have dealt with three consecutive years of state funding reductions.

**Requested Funding by Fiscal Year**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$13,320,000	\$17,880,000	\$31,200,000

**Support for Request:**

The State Board for Community and Technical Colleges (SBCTC) requests \$31.2 million for Adult Basic Education (ABE) programs and services. In turn, colleges will increase ABE enrollments and improve ABE programs by lowering the student to faculty ratio, offering additional support services, and recruiting more stable, full-time faculty.

To ensure affordability, ABE students pay a \$25 fee per quarter instead of tuition. Fewer than five percent of basic skills students that are employed earn a living wage, yet their status as ABE students prevents them from qualifying for federal financial aid.

While enrollments in other mission areas have increased dramatically, Adult Basic Education – which serves the fastest growing part of our workforce – has lost ground as colleges have dealt with three consecutive years of state funding reductions. The colleges responded to state budget reductions in part by consolidating ABE instruction, including closing off-site facilities, reducing evening and weekend hours of instruction, and increasing class size. The consequence of these budget reduction strategies is decreased access for low-skilled adults, those who are the most affected by today’s layoffs. ABE enrollment FTES declined by three percent from 2008-09 to 2009-10.

In addition, a growing dependence on tuition-generating programs (as opposed to state dollars) has also eroded the ability of the colleges to serve non-tuition-paying students. In FY 2010, the colleges served 23,250 FTES in ABE programs at the cost of \$50 million in lost tuition revenues. With every tuition increase, this gap will grow larger.

Funding basic skills services through tuition replacement is a cost-effective way to improve the economic and educational well-being for many of Washington’s struggling residents. This funding request amounts to a per FTE increase of \$555 in FY 2012 and an additional increase of \$190 in FY 2013. This funding will help increase the number of students successfully transitioning into the workforce and academic programs.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Restore Adult Basic Education**

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State budget reductions in the last economic downturn also resulted in a decline in the number of ABE students served. The Legislature responded by providing ABE Enhancement Funds (\$2 million per year) in the 2005-07 biennium, leveling off the decline in enrollments and stimulating an increase in FTES over the following years that lasted until FY 2010. Increasing the amount of ABE funding would again help to make up for budget cuts and improve the capacity and stability of ABE services, supporting the development of a diverse and skilled workforce.

According to the *2007 American Community Survey*, about 570,000 adults in Washington State have not completed high school. In the best of economic times, this group has an unemployment rate six percent higher than adults who have a high school diploma<sup>3</sup>. Although the current recession temporarily masks the job skills gap, workforce development experts project that within five years Washington state employers will not have enough workers with the right skill sets to fill available jobs.

With persistently high K-12 drop-out rates, immigration, and the changing requirements of the workforce, the need for ABE services has increased faster than the state's capacity to meet the demand. This is especially evident during a recession when low-skilled adults are unemployed at a higher rate than any other group.

Much of the labor force is currently under-skilled for today's jobs and the jobs of the future. Research indicates that access to family wage jobs in Washington's job sectors most likely to grow will require workers to attain at least 45 college level credits and a vocational credential. A large portion of job growth will be filled by non-traditional populations, those that have not historically gone to college and individuals that are English language learners. Adult basic education programs support these individuals by providing basic skills training and English language services to prepare them for college level coursework. Without this training, these individuals will not be prepared to support employers and employment that will lead us out of the recession.

Speakers of English as a second language and other people of color will make up the state's fastest growing populations and most of the new workforce. In order to fully contribute to economic prosperity and access family wage jobs, these adults will need to have acquired at least one year of college credits and a certificate or degree. Most of these adult workers need adult basic education to gain the skills needed to train for tomorrow's jobs.

The community and technical colleges provide substantial offerings for these residents to gain needed skills and knowledge through ABE programs available throughout the state. More than 90 percent of the adult basic education in Washington State is provided by community and technical colleges. The programs include three major instructional areas: basic skills for English speaking adults, English as a

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<sup>3</sup> Prince, David. *State Board for Community and Technical College Calculation: Washington State Population Survey*. Olympia, Washington: State Board for Community and Technical Colleges, September 2005.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Restore Adult Basic Education**

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Second Language (ESL), and preparation to pass the GED (General Educational Development) test. Students enrolled in the programs improve their skills and knowledge in reading, math and communication, and also develop and improve their problem-solving and teamwork skills.

Adult basic education is either the first step, or a second chance, at the education that can provide the tools to contribute to a strong workforce, vital economy, healthy families, and a democratic society.

*ABE students, after mastering the lowest levels of proficiency (ABE levels 1 and 2), are able to:*

- Read simple materials, want ads, and complete simple forms
- Use basic math functions, like making correct change and writing checks
- Use computers with help
- Succeed in basic, entry-level jobs that are closely supervised, based on oral instructions, and require limited amounts of basic reading, writing, and math—like manual labor or fast food employment

*ABE students, after mastering the middle levels of proficiency (ABE levels 3 and 4), are able to:*

- Apply basic reading, writing, and math tasks needed in day-to-day tasks like reading labels, completing medical forms, checking payroll stubs for accuracy, and completing work schedules
- Compare grocery prices and balance their checkbooks
- Use computers software and follow written software instructions.
- Succeed at entry-level jobs that require reading some writing instructions, writing short reports, and problem-solving—like simple retail sales

*ABE students, after mastering the highest levels of proficiency (ABE levels 5 and 6), are able to:*

- Perform equivalent levels of basic skills demonstrated by the top 70 percent of high school graduates
- Earn a high school diploma or GED

*ESL students who start at the lowest levels typically have no education or literacy skills in their native language. After mastering the lowest levels of proficiency (ESL levels 1 and 2), they are able to:*

- Function in social situations related to their immediate needs, like providing personal information
- Understand literacy concepts (letters, words), recognize basic signs and symbols, and read simple words
- Succeed at entry-level jobs that include routine activities that can be demonstrated, rely on limited literacy, have bilingual supports, and no customer contacts—such as night custodians and laundry folders

*ESL students, after mastering the middle levels of proficiency (ESL levels 3 and 4), are able to:*

- Read simple directions, bus schedules, road signs, and maps
- Complete simple forms, but may need assistance
- Use simple computer programs and follow oral instructions for using machines

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Restore Adult Basic Education**

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- Succeed at entry –level jobs that require limited or routine written and spoken English—such as line fast food workers

*ESL students, after mastering the highest levels of proficiency (ESL levels 5 and 6), are able to:*

- Function independently in English in most social and work situations
- Pursue a high school credential or GED

**Increasing ABE Funding is critical to the success of community & technical college students, because:**

- It increases *access for underserved populations* who need this education in order to participate in job skills training leading to family wage jobs.
- It is part of the career and education pathways framework, *supporting workforce development and economic recovery* by addressing skills gaps among populations soon to be vital to the workforce.
- Increasing ABE funding has been rated among the *top priorities* by SBCTC and college presidents for several years in a row, most recently in the system Mission Study.

**This budget request supports the following value statement for Washington:**

Washingtonians value world-class student achievement in early education, elementary, middle, high schools and postsecondary institutions.

**This budget request supports the following ten year goal(s) of the SBCTC as identified in the System Direction:**

Strengthen state and local economies by meeting the demands for a well-educated and skilled workforce.

- Meet the needs of changing local economies by increasing the number of skilled employees in the areas of greatest unmet need.

Achieve increased educational attainment for all residents across the state.

- Enroll more underserved populations.
- Improve academic achievement for all students.

**This budget request addresses the following goals from the SBCTC Mission Study 20-Year Action Plan:**

- Serve more people, including groups who have been underserved in the past.
- Increase funding for adult basic skills programs.

**Ongoing vs. One-Time Costs:**

These costs are all ongoing.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Enrollments**

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**Brief Description:**

The State Board for Community and Technical Colleges (SBCTC) requests \$90.7 million in the 2011-13 Biennial Budget for 8,100 full-time equivalent student enrollments. This funding will bring state funding into line with Legislative enrollment targets and will begin to reverse the adverse impacts of three years of budget reductions on community and technical college programs and services.

**Requested Funding by Fiscal Year**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$45,360,000	\$45,360,000	\$90,720,000

**Support for Request:**

The great recession has caused a surge in enrollments at community and technical colleges. In FY 2010, community and technical colleges served a record 161,000 full-time equivalent students (FTES), which was 15 percent more than the legislative enrollment target of 139,237.

As the economy slowly recovers through the 2011-13 biennium, the SBCTC projects enrollments will decrease to 151,150 FTES by the second year of the biennium. This request will fund 8,100 general enrollment FTES at \$5,600 per FTE to bring state funding in line with actual college enrollments. (The Worker Retraining Program decision package requests that one-time funding provided in FY 2011 for an additional 3,784 WRT FTES be continued.)

Since fall 2009, state funding for community and technical colleges has decreased by \$120 million per year (this doesn't include the \$7 million one-time reduction for compensation savings). Additional budget reductions are expected again this year (FY 2011) as state revenue projections continue to decline. While one-time additional funding provided by the Legislature in FY 2011 for the Worker Retraining Program (\$18 million) and the Opportunity Grant Program (\$1 million) helped offset the budget reductions, the colleges have absorbed ongoing reductions of 15 percent in state funding.

Tuition rate increases and the additional tuition revenues from the surge in enrollments have helped to mitigate some of the impacts of state funding reductions. As enrollments begin to decline, however, the marginal tuition revenues from over-enrollments will decrease, exacerbating the impacts of prior state budget reductions.

Colleges have dealt with three years of budget reductions in part by increasing efficiencies through such means as:

- Collaborating with neighboring colleges on course availability
- Eliminating low enrolled programs
- Using student email for official communication
- Using more online forms

**Washington State Board for Community and Technical Colleges**  
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**Enrollments**

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- Encouraging online registration and payment
- Holding regional and statewide meetings using online meeting tools
- Cutting back on printing and, instead, directing community members and potential students to schedules and other college information online
- Increasing the use of online help for students

In addition, the community and technical college system has undertaken a substantial effort to look for additional efficiencies through partnerships and coordination between and among community and technical colleges.

While expenditure reductions resulting from increased efficiencies are sustainable, other reductions cannot be maintained without negative consequences to students and ultimately to the state's workforce and economy. Current budget-reduction strategies that cannot be sustained include:

- Decreasing non-instructional staffing
- Increasing class sizes
- Relying more heavily on part-time faculty
- Reducing purchases of instructional equipment, resulting in students training on outdated equipment
- Reducing cleaning and maintenance schedules, increasing concern about the cleanliness and safety of campus facilities
- Limiting the number of class sections available each quarter, making it more and more difficult for students to get the classes they need to earn a certificate or degree
- Eliminating tutors and tutoring sessions
- Implementing furloughs
- Reducing professional development for faculty
- Reducing outreach in high schools and the community
- Cutting child care offerings
- Offering fewer individual academic advising appointments and information sessions
- Reducing student services office hours

While colleges were able to increase class sizes and offer more sections in academic and pre-college courses, they were not able to grow the higher-cost vocational courses fast enough to keep pace with the growth in workforce students. Since 2008, Workforce FTES have increased 26 percent, but workforce course FTES have grown by just 18 percent. Workforce classes and programs are full, so new Workforce students are taking more academic courses up front. This allows them to begin their training, but without additional resources the colleges will not be able to add the vocational course capacity necessary to meet Workforce training demand. This funding request will help restore that capacity so Workforce students can complete their programs.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
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The budget reductions have tangible, daily impacts on students. As one student leader said, it is much more difficult to go to college now than it was three years ago. It is harder to get in to see an advisor, harder to reach administrative staff on the phone, and harder to get into the classes needed to graduate. Student, faculty, and staff frustrations have grown as fewer staff members serve more students.

This funding request will help begin to reverse some of the negative impacts from the budget reductions by increasing the per student resources available to the colleges.

**Why Community and Technical College Capacity and Access Are Important:**

*Workforce Training*

Access to Workforce programs is critical. As a fast-growing enrollment area, colleges need to increase capacity in these high-cost, high-demand programs so students can move through their training system into the workforce quickly. Increasing workforce training capacity is important because:

- Despite high unemployment rates, a recent Workforce Training and Education Coordinating Board survey of Washington employers found that nearly 11,000 employers are still having difficulty finding workers with the right skills. Employers had the greatest challenges finding job applicants with occupational-specific certificates that require up to a year of education beyond high school, which is the training community and technical colleges provide.
- The Workforce Board also determined there will be a shortage of skilled workers through 2013 in areas such as maintenance and repair, accounting, bookkeeping and nursing. These are the types of training programs at community and technical colleges that are currently at full capacity, with long waiting lists to get in.
- In addition, middle skills jobs, which require at least one year of college, but less than a four-year degree, have been forecasted to account for 42 percent of job openings through 2017.<sup>4</sup> Community and technical colleges are the leading training providers for middle skills jobs in Washington State.
- In 2009, colleges awarded more than 37,550 degrees and certificates. (2010 data are not yet available.) 23,690 (63 percent) of these awards were given in professional/technical workforce programs, including 7,465 workforce degrees and 16,225 certificates and apprenticeships.
- 82 percent of all prior-year workforce training graduates were employed in 2009. One-half (50 percent) completed training in higher wage programs and went to work in 2009 trained in higher-wage occupations that paid a median wage of \$20.92/hr.
- In 2010, 180,000 Washingtonians attended community and technical colleges for state-supported training and education for work-related reasons.

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<sup>4</sup> Washington's Forgotten Middle Skills Jobs, National Skills Coalition, October 2009.

**Washington State Board for Community and Technical Colleges**  
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*Transfer*

Community and technical colleges are a flexible, affordable path to a four-year degree. Access to community and technical college transfer programs is essential for working adults, parents and recent high school graduates who are place-bound or otherwise cannot attend a traditional four-year college:

- Last year, nearly 18,000 community and technical college students transferred to a four-year college or university.
- Bachelor's degree programs are now available at 24 of the 34 colleges, either through collaboration with universities or through the CTCs' own applied baccalaureate programs.
- Forty-one percent of all bachelor's degree graduates in Washington began their studies in the community and technical college system. They are represented in all majors ranging from 32 percent of STEM enrollments to 50 percent of education majors.
- More than 7 in 10 students who earn associate's degrees will transfer within one to three years
- Graduates who don't transfer have strong employment outcomes with hourly wages on par with middle-wage workforce programs. First-year employment rates for AA degree graduates who go immediately to work in lieu of transfer are 70 percent. Their median earnings are \$14/hr.

*Adult Basic Education*

Community and technical colleges currently provide more than 90 percent of the adult basic education in Washington State. In FY 2010, colleges provided adult basic education and English as a second language to 66,000 students (23,000 FTES). A continued focus on this population is important because:

- The current recession masks the shortage of skilled workers, estimated to be the single most critical economic issue in our state by 2015.
- In that same time frame, those who speak English as their second language and other people of color will make up the state's fastest growing populations and most of the new workforce.
- In order to fully contribute to economic prosperity and access family wage jobs, these adults will need to have acquired at least one year of college credits and a certificate or degree.
- Most of these adult workers need adult basic education to gain the skills needed to train for tomorrow's job.

Community and technical colleges are uniquely positioned to help improve individual lives and the state's economy. CTCs are:

- Nationally recognized for innovation in serving low-skilled workers: Washington's Integrated Basic Education and Skills Training (I-BEST) programs demonstrate that colleges in this state can skill up under-prepared workers efficiently and move them into employment.
- Centers of education in their communities: CTCs are geographically distributed, and help create local responses to community needs.
- Cost effective for students and the state: Low tuition relative to four-year public institutions means that more Washingtonians can afford higher education.

**Washington State Board for Community and Technical Colleges**  
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- Diverse: CTCs have more representation from all segments of the state population than other higher education institutions.
- Flexible and responsive: CTCs have a diverse curricula, with many levels of study available from basic skills and literacy for adults to college degrees.
- Focused on the state’s workforce: CTCs work closely with business and industry to educate and train qualified employees in high-skill, high-demand fields and have a long, successful experience in entrepreneurial/small business services, as well as customized training solutions for business and industry. CTCs also have well-established partnerships with industry, workforce/economic development agencies and labor.
- Focused on seamless education: CTCs have strong partnerships with universities in producing bachelor’s degrees and long relationships with school districts in helping people finish high school, preparing students for college and helping students earn dual credit, saving money for families and the state.
- Viewed as problem solvers: The CTCs are often asked to be part of efforts to tackle statewide issues such as worker retraining during economic downturns, or implementing welfare reform with its many fundamental program changes, or to implement new approaches to customized training for business.
- Focused on teaching and learning and raising educational attainment.

**This budget request supports the following value statement for Washington:**

Washingtonians value world-class student achievement in early education, elementary, middle, high schools and postsecondary institutions.

- Improve the success of postsecondary learning.
  - Provide access to convenient and efficient high-quality postsecondary education and research opportunities.
  - Provide support services to college students.
  - Support career preparation beyond high school.
  - Provide upgrading of skills to current and returning workers.

**This budget request supports the following ten year goal(s) of the SBCTC as identified in the System Direction:**

Achieve increased educational attainment for all residents across the state.

- Enroll more underserved populations.
- Improve academic achievement for all students.
- Ensure community and technical college is affordable and accessible, especially for basic skills and part-time students.
- Expand the pipeline to associate and bachelor’s degrees, particularly in math, science, engineering and health sciences.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Enrollments**

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**This budget request addresses the following goals from the SBCTC Mission Study 20-Year Action Plan:**

- Serve more people, including groups who have been underserved in the past.
- Close the statewide skills gap for technically trained workers.
- Increase funding for adult basic skills programs.
- Contribute more to the production of baccalaureate degrees.

**This budget request supports the following strategies for implementing the HECB Strategic Master Plan:**

Meet degree goals, workforce needs

- Take immediate steps to increase degree and certificate production at all levels (mid-level, baccalaureate, and graduate/professional).
- Expand investment in high-demand programs of study and grow the pipeline of interested and prepared students in these fields.

**On-going versus one-time funding:**

This funding is on-going.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Technology Stabilization**

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**Brief Description:**

The State Board for Community and Technical Colleges (SBCTC) requests \$2.0 million and 1.0 FTE in the 2011-13 Biennial Budget to conduct a readiness assessment and implementation planning for the replacement of the 20+ year old legacy system that is currently in use and at risk for failure.

<b>Requested Funding by Fiscal Year</b>		
<b>FY 2012</b>	<b>FY 2013</b>	<b>Total</b>
<b>\$1,860,000</b>	<b>\$140,000</b>	<b>\$2,000,000</b>
<b>1.0 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

**Support for Request:**

The SBCTC needs to move to an Enterprise Resource Planning (ERP) system. This is a type of commercial software that integrates student information, financial, human resources, and other educational functions into a single computer system. These systems function as an amalgamation of industry and educational best practices and modern technology tools. Although referred to as an administrative system it functions far beyond that in higher education. It is the foundation that links students to educational content, student services, portals & gateways to other educational resources, and faculty to students. Students will be able to access information—including financial aid status, grades, transcripts, and class schedules—from a single student portal regardless of college attended. Students will be able to apply to multiple institutions, apply for financial aid, and view college catalogs and schedules from a single location.

**Problem:**

The current Community and Technical Colleges (CTCs) administrative systems (student, financial, and personnel/payroll management) reside in an outdated legacy COBOL environment. These systems are completely customized around current business practices and were developed in-house during the 1980's. They pose a substantial risk to the entire CTC system on various fronts. Students depend on these systems to access their teaching and learning functions, colleges use these systems to administer student records, process financial transactions, award financial aid, and pay faculty and staff. The outdated COBOL technology makes providing the level of service required for students, faculty, staff, and the public costly and inefficient. The time and effort required on maintenance and reprogramming is far greater than modern "off-the-shelf" systems available through vendors who specialize in these services. There are outdated, inefficient, and inconsistent business processes throughout the CTCs that have evolved over the past decades around the current systems.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Technology Stabilization**

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**Solution:**

The Washington State Community and Technical College Strategic Technology Plan completed in 2008 expresses the college system’s mission, history, current technology state and a shared vision for its future. The goal of this plan is simple: mobilize technology to increase student success. It lays out clear principles, strategies, and action steps that will transform our use of technology for the benefit of all learners and the faculty who teach them. The Plan directs us to “use data to drive continuous improvement in both student success and administrative efficiency”.

Washington needs to purchase an integrated ERP system to make educational functions simpler, less expensive, and more focused on supporting student achievement and success. In addition, there is a need for greater capacity to collect and analyze data and for more sophisticated use of data to drive improvements in student learning, administrative efficiency, and accountability to the Governor, the Legislature and the public.

The legacy administrative software in use today by the CTCs must be replaced with a modern system. We need to purchase system-wide, centrally supported software systems that save money, support teaching and learning and online student services, and simplify staff training. Systems should be vendor hosted to minimize or eliminate the need for customized, locally developed software.

**Project Timeline:**

April 2011	Complete Readiness Assessment
April 2011	Receive ISB Project Approval
July 2011	Begin Implementation Planning
January 2012	Begin Vendor Selection Process
April 2012	Vendor Selection
July, 2012	Begin Implementation

**PROJECT DETAILS**

**Readiness Assessment:**

The purpose of the Readiness Assessment is to evaluate the level of preparedness for each college and the overall college system to carry out an ERP implementation. The Readiness Assessment addresses the following areas:

- Technical Readiness
- Functional Readiness
- Project Readiness
- Cultural Readiness
- Resource and Effort Awareness

**Washington State Board for Community and Technical Colleges**  
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The Readiness Assessment will focus on the preparation of an “Implementation Blueprint” which includes the following deliverables:

- Staffing Recommendation
- Project Timeline
- Project Budget
- Project Organization
- Roles and Responsibilities
- Communication Plan
- Critical Issues Identified
- Project Scope
- Risk Mitigation Plan
- Training Plan

**Implementation Planning:**

The planning and preparation process of an ERP project consumes a significant portion of time and is the most critical phase. Poor planning leads to unreal expectations, cost overruns, schedule slippage, and in a high percentage of cases project failure.

*1. Set up Program/Project Management Team*

Project and program management of an ERP is complex. To support the breadth and depth of the planning work, multiple teams will be established to support the functional and technical areas of the project. These teams will be responsible to the Project Management Team and will establish a strong partnership and a shared commitment to the success of the ERP project.

*2. Establish (ERP) Governance Framework*

The CTC ERP project governance framework and structure will support the system mission, vision, and goals. It will be reflective of the culture and organization.

The CTC ERP governance framework will be:

- Simplified
  - The governance structure will include a well involved work team structure that emphasizes engaged and informed decision-making
- Inclusive
  - The governance structure will include comprehensive communication and feedback
- Mature
  - The governance structure will include performance measures and accountability

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Technology Stabilization**

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- Specific
  - The governance structure will include the specificity and integration required to reflect system, college, and constituent goals

3. *Establish Training Program/Project*

The CTC ERP project is not a technology project, but will focus on efficiencies and aligning business processes with accepted best practices. To that end a major emphasis in adapting to new business practices is appropriate attention to training employees on the new processes. The ERP training program will be treated like a project unto itself with clear deliverables. In partnership with the selected ERP vendors the project training team will develop a plan with the following deliverables.

- Prerequisite end user skills. Documents the skills and knowledge users must obtain before ERP training begins, along with a timeline for acquisition.
- Staffing plan for the training team. Identifies the workload and specific resources required for the ERP training project. Identifies gaps between requirements and available resources and how to obtain and/or develop resources.
- Delivery plan for training. This identifies curriculum that is available or that needs to be developed, tools required, challenges, and infrastructure weaknesses. Also provides an initial timeline for rollout of education and training.
- Curriculum matrix. This matrix lists tasks to be trained and information to be delivered for each job role in the new environment. This will provide a completion checklist and make it easy for users to map their job roles and training.
- Training budget. This addresses the costs to the organization for end-user training.

4. *Establish Change Management Program*

Change management activities are performed during every phase of an ERP project. The change management methodology has to be flexible enough to integrate with and support the project management methodology. An organizational change management consultancy will employ ERP best practices to develop an organizational change management strategy and roadmap. The change management program will be treated and managed like a project. The milestones and deliverables of the change management program will be aligned with the ERP project by the managers.

Elements of a change management program include:

- Leadership
- Skills
- Alignment with organizational goals

**Washington State Board for Community and Technical Colleges**  
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**Technology Stabilization**

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- Communications
- Governance
- Performance
- Incentives

5. *Develop Data Analysis Strategy*

The approach to data profiling and mapping starts with a team of people (data and business analysts, data administrators, database administrators, system designers, subject matter experts, etc.). These people meet in a series of sessions and extract useful information about the content and structure of the legacy data. This is an iterative process and will require ongoing refinement through multiple cycles of redesigning, recoding, reloading and retesting.

6. *Evaluate and Update Business Processes*

Business process evaluation and inventorying.

Note: A commitment is made to a “vanilla” (baseline) implementation of the ERP solution.

7. *Develop the ERP Business Case*

The Washington State Community and Technical College system Strategic Technology Plan will be used as a guide to develop the ERP business case.

8. *Select and Plan for ERP Functional and Technical Requirements*

- Inventory Current Business Practices
- Develop an RFP Document and Scoring Rules for Evaluation Purposes
- Implement a Vendor Reference Checking Process
- Develop Scripts for Product Demonstrations
- Conduct Fit-Gap Analyses
- Create a Decision Process for Selecting the Final Vendors

**Staffing Costs:**

Project staff will require 1.0 FTE and \$280,000 for FY 2012 and FY 2013. This person will serve as the project manager and ensure that all deadlines are met and deliverables completed as required.

**Contracted Costs:**

Contracted costs for the Readiness Assessment and implementation planning have been estimated at \$1.72M in FY 2012. It is estimated that the Readiness Assessment and implementation planning will require 13,760 hours at \$125/hour of contracted time.

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Technology Stabilization**

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**This package supports the following value statement for Washington:**

Washingtonians value world-class student achievement in early education, elementary, middle, high schools and postsecondary institutions.

- Improve the success of postsecondary learning
  - Provide access to convenient and efficient high-quality postsecondary education and research opportunities
  - Ensure efficiency, performance and accountability to students and the public

**This package supports the following ten year goal(s) of the SBCTC:**

Use technology, collaboration and innovation to meet the demands of the economy and improve student success.

- Recognize and adapt to the changing nature of how people learn, how they access information and communication by making technological advancement part of the system's strategic direction.
- Ensure state-of-the-art, lifelong education that is relevant, convenient and efficient.

**This package addresses the following goals from the SBCTC Mission Study 20-Year Action Plan:**

- Build a 21st century learning infrastructure.
- Promote the adoption of web-based and mobile technology tools for eLearning and online student services.
- Devote a larger share of system resources to teaching and learning by making smarter use of technology and promoting efficiencies in college district governance.

**Ongoing vs. One-Time Costs:**

These costs are one-time.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Compensation**

**2011-13 SBCTC Operating Budget Request Items**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>2011-13</b>
<b>Compensation</b>	<b><u>\$6,600,000</u></b>	<b><u>\$13,400,000</u></b>	<b><u>\$20,000,000</u></b>
1 Faculty Increments	\$3,300,000	\$6,700,000	\$10,000,000
2 Recruit and Retain Non-Executive Level Exempt Staff	\$3,300,000	\$6,700,000	\$10,000,000

**Faculty Increments**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$3,300,000	\$6,700,000	\$10,000,000

Faculty salary levels are stagnant and not competitive in the job market. A part-time instructor teaching full-time would earn on average 62 percent of the amount paid to full-time faculty. The anticipated wave of baby boomer retirements brings additional pressure. Low, non-competitive salary levels risk the continuity and viability of some program areas in which the college must compete with private sector employers for the same talent. The State Board requests \$10 million to partially fund increments and recognize the investment full- and part-time instructors have made in themselves and our institutions.

**Recruit and Retain Non-Executive Level Exempt Staff**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
\$3,300,000	\$6,700,000	\$10,000,000

College administrative staff establish the environments that allow great faculty and students to thrive. They are responsible and accountable for scheduling courses that meet student and community needs, making decisions that provide a secure and healthy environment for learning, ensuring funding is expended consistent with state law, and providing the support services for student achievement. While administrative staff leadership is essential to the success of an institution and students, a combination of issues constrain or diminish a college's ability to recruit and retain talented, experienced employees.

The leading issue affecting colleges' ability to recruit and retain administrative staff is a result of the Legislature having aligned administrative staff increases with those resulting from statewide classified employee collective bargaining. This has created salary compression and inversion issues – as employees covered by I-732 historically receive larger COLAs. The State Board requests \$10 million to address salary compression and inversion of non-executive-level exempt staff.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Compensation**

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**Brief Description:**

The State Board recently concluded a constituent-based task force study to address difficulties in recruiting and retaining faculty and administrative staff. Among its findings: (1) faculty and staff salaries across Washington’s community and technical colleges are consistently lower than the Global Challenge States average (faculty salaries are 12.7 percent lower and administrative staff salaries are 14.2 percent lower), and; (2) salary level is often cited as the reason for job offer rejections and for resignations. The State Board requests additional funding to improve faculty and administrative staff recruitment and retention, consistent with the findings of the Compensation Task Force. Funding will be used to address current deficiencies in compensation by providing faculty salary increments and addressing salary compression and inversion of non-executive level exempt staff.

**Requested Funding by Fiscal Year**

	<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
Faculty Increments	\$3,300,000	\$6,700,000	\$10,000,000
Recruit and Retain Non-Executive Level Exempt Staff	\$3,300,000	\$6,700,000	\$10,000,000
<b>TOTAL</b>	<b>\$6,600,000</b>	<b>\$13,400,000</b>	<b>\$20,000,000</b>

**Support for Request:**

Salary level is often cited as the reason for job offer rejections and for resignations. Teaching students and operating a college campus are labor intensive activities, as salaries and benefits approximate 84 percent of a college's state funded operating expenditures. Increasingly, colleges find it difficult to attract and retain the talent needed to create and maintain learning environments conducive to promoting student achievement.

Following the 2007 legislative session, the State Board established a constituent-based task force to address difficulties in recruiting and retaining faculty and administrative staff. The group was tasked with developing objective information and making recommendations to address full- and part-time faculty and exempt staff compensation funding, market competitiveness, and flexibility to meet the particular needs of colleges. Membership included State Board members, trustees, presidents, labor representatives (including full-time and part-time faculty from both WEA and AFT-Washington), and State Board staff.

After nine months of work, the task force reached consensus that current compensation rates prevent the community and technical colleges from offering competitive salaries and impede their recruiting and retention efforts. Included among its findings:

- Average faculty and administrative staff salaries across Washington’s community and technical colleges are consistently lower than peer state averages.
- When job candidates decline initial offers it is most often due to salary. When colleges suspend searches, it is most often due to an inadequate candidate pool.

**Washington State Board for Community and Technical Colleges  
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Compensation**

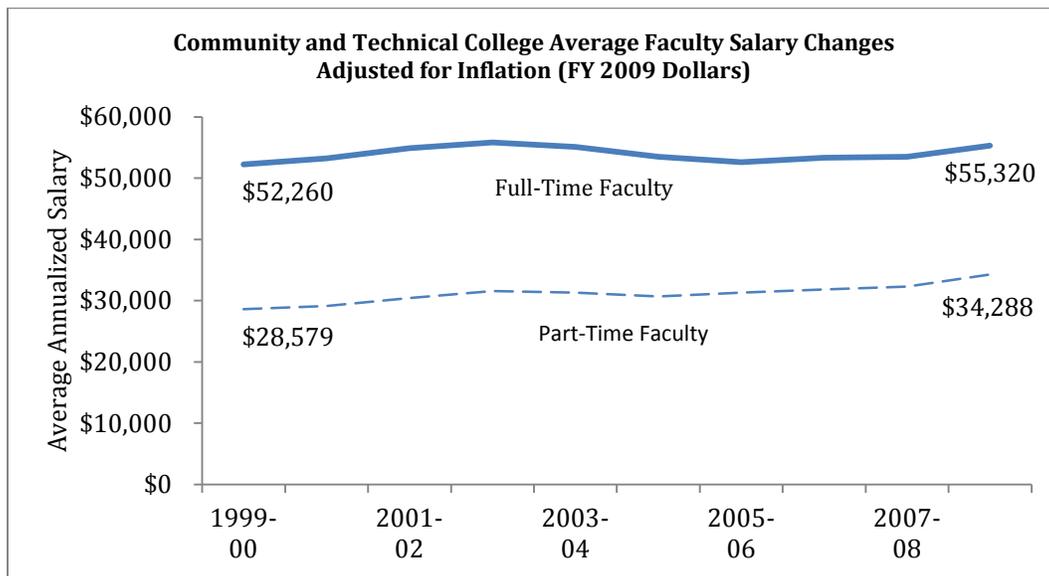
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- The turnover rate is 6.8 percent among full-time faculty, 12.4 percent among administrative staff, and significantly higher for part-time faculty.
- The problems of recruitment and retention will likely worsen as colleges compete with public and private sector employees to replace the wave of "baby boomer" retirements.
- Colleges' ability to compete is further complicated by inadequate funding, regulations, and current salary structures.

The State Board requests additional funding to increase faculty and administrative staff compensation rates, consistent with the recommendations from the task force. This funding will reduce turnover and improve retention. This will allow for a more stable cohort of faculty and staff, thereby improving the colleges' institutional memory, quality levels, and response to student needs.

***Faculty Increments \$10 Million***

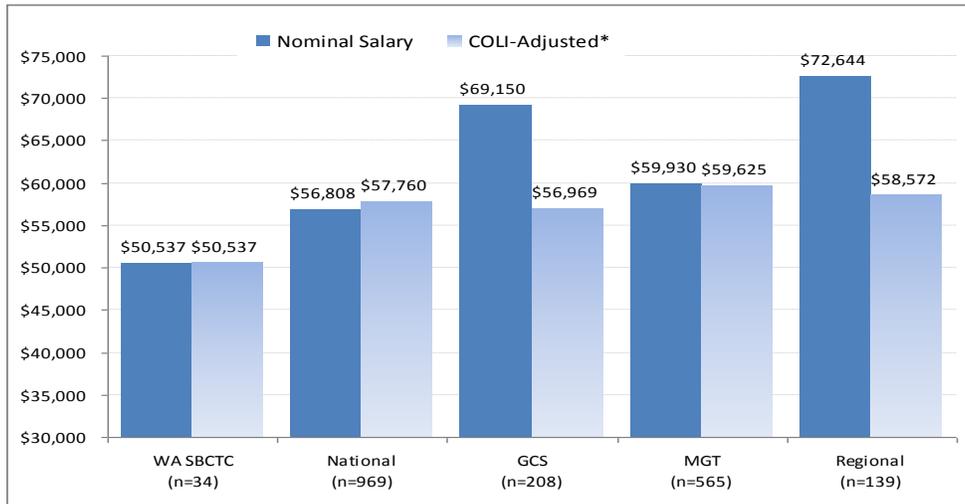
Faculty salary levels are stagnant and not competitive in the job market. A part-time instructor teaching full-time would earn, on average, \$34,288 or 62 percent of the amount paid to full-time faculty.



Source: SBCTC Data

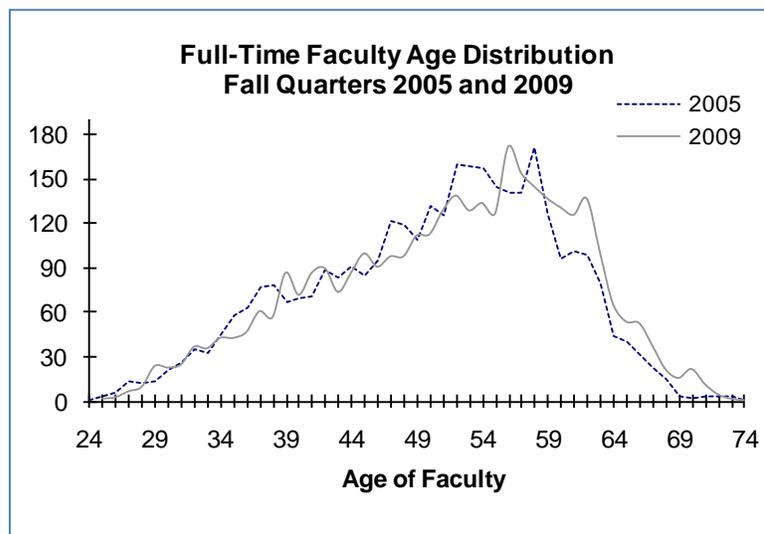
Recent data from the SBCTC Compensation Study Task Force found faculty salaries, adjusted for regional cost differences, were lower than the national and regional average. When compared with other Global Challenge States (GCS), comparison states selected by the Governor and Legislature, Washington State average faculty salaries were 12.7 percent below the GCS average.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Compensation**



*Source: Comparison of 9-Month Equivalent Average Faculty Salary Levels by Peer Group, Nominal and COLI (Cost of Living Indices)-Adjusted, Weighted Average by Number of Faculty, 2006-07, IPEDS Data.*

The anticipated wave of baby boomer retirements brings additional pressure (61 percent of faculty are age 50 or older; 22 percent are age 60 and over). Low, non-competitive salary levels risk the continuity and viability of some program areas (i.e., high demand areas like health care) in which the colleges must compete with private sector employers for the same talent. Retirements are the number one reason for faculty job openings at the colleges.



Source: SBCTC Fall Quarter Report, 2009

**Washington State Board for Community and Technical Colleges**  
**2011-13 Operating Budget Policy Level Request**  
**Compensation**

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Traditional faculty salary increases come to the colleges via:

- COLA increases, as required by I-732, based on the King County CPI. The Legislature suspended the I-732 COLA increase during the 2003-05 and 2009-11 biennia.
- Increment or step increases funded by the Legislature in the operating budget bill. Increments, an important incentive for keeping faculty current in their fields and teaching skills, have been inconsistently funded.
- Salary increases targeting part-time faculty. While the Legislature has provided the funds that have improved part-time instructor salaries, part-time faculty are still paid less than full-time faculty, even after adjusting for the additional full-time faculty responsibilities.

The State Board requests the following to improve colleges' recruiting and retention of talented and diverse faculty:

- Commit to a policy of consistent increment funding. Provide \$10 million to partially fund increments and recognize the investment full-and part-time instructors have made in themselves and our institutions.

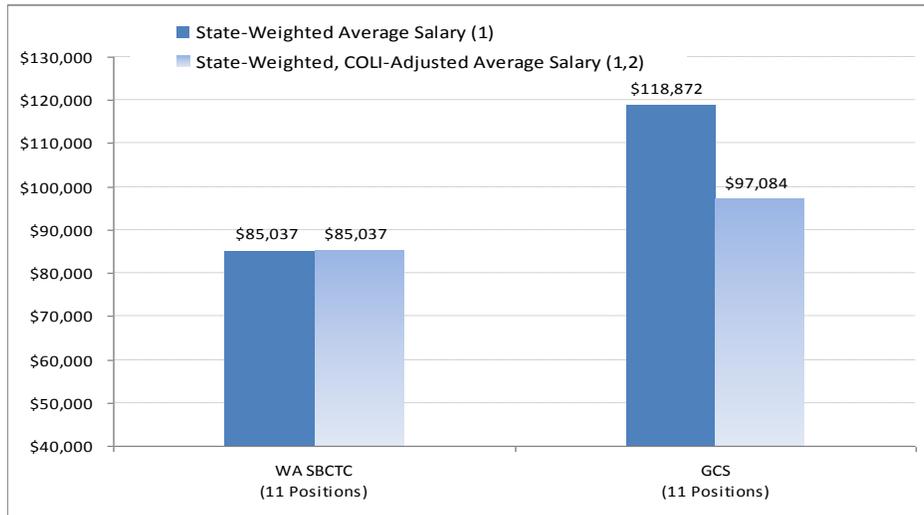
***Recruitment and Retention of Non-Executive Level Exempt Staff \$10 Million***

College administrative staff establish the environments that allow great faculty and students to thrive. They are responsible and accountable for scheduling courses that meet student and community needs, making decisions that provide a secure and healthy environment for learning, ensuring funding is expended consistent with state law, and providing the support services for student achievement. While administrative staff leadership is essential to the success of an institution and students, a combination of issues constrain or diminish a college's ability to recruit and retain talented, experienced employees.

Also, with 63 percent of administrative staff being age 50 or older (27 percent age 60 or older), it's anticipated that colleges will find it increasingly difficult to compete for talent. Recent data from the SBCTC Compensation Study Task Force found administrative staff salaries, once adjusted for regional cost differences, were lower than the national and regional average. Washington state average administrative salaries were 14.2 percent below the GCS average.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Compensation**

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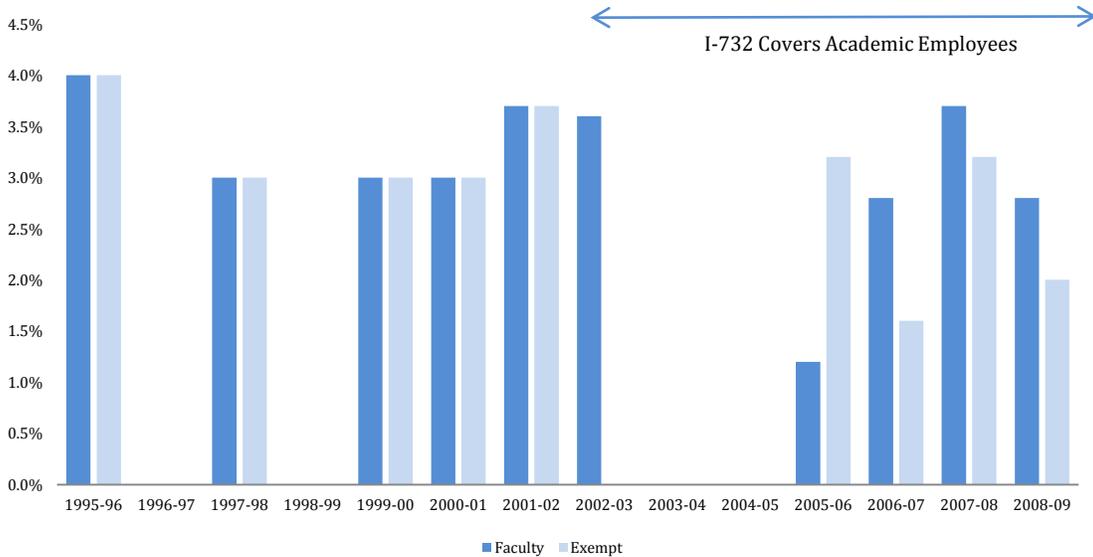
Source: CUPA-HR 2007-08 Administrative Compensation Survey

Administrative staff salaries are initially established through a combination of alignment of salaries to similar positions within the college and market influences. However, once a salary is set, salary increases are limited to those provided by the Legislature and those that occur through promotions. This creates the following problems for retention:

- The legislature has aligned administrative staff increases with those resulting from statewide classified employee collective bargaining. This has created salary compression and inversion issues – as employees covered by I-732 historically receive larger COLAs. As shown in the following graph prior to FY 2002, faculty and administrative staff COLAs were aligned. Since 2003, this difference has resulted in I-732 covered employees receiving 7.4 percent greater cost of living salary adjustments than their supervisors and managers. For example, for FY 2009, the Legislature provided faculty with a 4.4 percent increase, but administrative staff with a 2.0 percent increase. While this difference affects all administrative staff, it impacts mid-managers the hardest and makes it difficult to recruit leaders from the faculty ranks.

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**General Salary Increases and/or COLAs for Faculty & Exempt Employees**



- Newly hired administrative staff, paid a salary affected by current market rates, are paid more than administrative staff with similar responsibilities who have not changed positions. The lack of an increment for administrators prevents stability. It encourages administrators to apply and accept transfer opportunities at other institutions, while working in positions similar to their current job to earn a higher, market influenced rate. This is inefficient and disruptive to college operations.

The State Board requests the following actions to improve administrative staff quality:

- Create financial incentives for stable employees. Provide colleges with the policy authority to manage administrative staff salaries.
- Address compression and inversion of non-executive level exempt staff by funding the equivalent of a 2.1% salary increase in each year of the biennium, for a total of \$10 million.

**Budget Priorities:**

This budget request supports the following value statement for Washington:

- Improve the success of postsecondary learning through providing access to convenient and efficient high-quality postsecondary education and research opportunities.

**Strategic Goals:**

This budget request addresses the following goals from the SBCTC Mission Study 20-Year Action Plan:

- Invest in sustaining faculty and staff excellence.

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**Ongoing vs. One-Time Costs:**

The costs are all ongoing.

**Washington State Board for Community and Technical Colleges  
2011-13 Operating Budget Policy Level Request  
Yakima Valley CC Collective Bargaining**

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**Brief Description:**

This is a placeholder for appropriations that may be needed to implement the Chapter 41.80 RCW collective bargaining agreements for 2011-13 Biennium that may be applicable to Yakima Valley Community College. OFM budget instructions require the State Board to submit a decision package for Yakima Valley Community College, however, the agreement is not due to OFM until October 1, 2010, the same day the SBCTC budget request is due.

**Requested Funding by Fiscal Year**

<u>FY 2012</u>	<u>FY 2013</u>	<u>Total</u>
TBD	TBD	TBD

**Support for Request:**

Under the Personal System Reform Act of 2002, RCW 41.80.010 (4), for the purposes of negotiating collective bargaining agreements, when the agency employer is an institution of higher education, the employer may be represented by their governing boards or the Governor or Governor's designee. Yakima Valley Community College elected to be represented by its Board of Trustees; the remaining community colleges are represented by the Governor's Labor Relations Office.

Under RCW 41.80.010(3), the collective bargaining agreement must be submitted to the Director of the Office of Financial Management by October 1<sup>st</sup>. Additionally, under RCW 41.80.010(4), if appropriations are necessary to implement the compensation and fringe benefits provisions of the bargaining agreements, the Governor shall submit a request for such funds to the Legislature.

OFM budget instructions require a decision package for each collective bargaining agreement not negotiated by the Labor Relations Office. This is a placeholder for the appropriations that may be needed to implement the Chapter 41.80 RCW collective bargaining agreement for Yakima Valley Community College for the 2011-13 Biennium. The agreement is not due to OFM until October 1, 2010, the same day the SBCTC budget request is due.

**Context and Background**

This analysis was prepared in response to OFM’s direction to agencies to provide information on the impacts of a 10 percent reduction next biennium. The basis for the reduction is the General Fund-State maintenance level funding in the 2011-13 biennium, which for the community and technical colleges is about \$643 million annually (final determination of maintenance level will be made by the Legislature). A ten percent reduction would equal -\$64.3 million. For the purposes of this analysis, it is assumed that the Legislature will authorize tuition increases of 7 percent each year next biennium. This will increase tuition revenues by about \$20 million each year. The net impact will be a reduction of \$44.3 million in FY 2012, or an average reduction to the colleges of 7 percent of maintenance level funding. Because the proportion of tuition-paying students varies by college (discussed below), the actual net reduction will vary by college.

The 10 percent reduction in state funding will be in addition to reductions made over the last two years. The community and technical college system’s state funding has been reduced by \$127 million over the last two years (this includes \$7 million in one-time reductions for furloughs and other compensation reductions under SB 6503). From our 2009-11 maintenance level budget, this represents a 16 percent cut. Additional funding for selected programs (most importantly, one-time increased funding for Worker Retraining and Opportunity Grants) and tuition increases of seven percent in FY 2010 and FY 2011 have offset some of the state funding reductions, for a net change of -11 percent on average, across the system.

At the same time state funding has been reduced, the economic downturn has driven a surge of enrollments at the community and technical colleges: From 136,500 full-time equivalent students (FTES) in 2007-08 to 161,000 FTES in 2009-10, a 17 percent increase. The 2009-10 enrollments were 15 percent higher than the enrollment target of 139,000 set by the Legislature. (The enrollment target was not reduced to reflect budget reductions.) As the fall quarter begins, many of the colleges are reporting even bigger enrollment demand this year.

The 34 community and technical colleges across the state are each uniquely situated in their communities, enrolling different mixes of academic transfer, workforce, and adult basic education students. Academic transfer and workforce students generate tuition revenues for the colleges, providing marginal revenue to serve the increased numbers of students. The colleges have served the surge in enrollments by adding sections, particularly in academic transfer courses, and filling each section with the maximum number of students. The additional sections are often taught by part-time faculty, whose annualized salaries, on average, are less than full-time faculty. Sections that do not have the maximum number of students are often cancelled, making it more difficult for students to get the courses they need to complete their degrees and certificates.

Workforce course sections are more difficult to add because they tend to be higher cost due to the necessity of keeping class sizes relatively small, and because they often require special teaching facilities including machines and equipment. Workforce students are therefore taking a larger than usual proportion of their academic courses up front. There is a growing concern that these students will not be able to finish their programs without additional funding to add program capacity.

Community and Technical College System  
Plan for Implementing 10 Percent Reductions in the 2011-13 Biennium

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Adult basic education students (such as ESL students) pay only \$25 per quarter to ensure affordability. Some of the colleges responded to state budget reductions in part by consolidating ABE instruction, including closing off-site facilities, reducing evening and weekend hours of instruction, and increasing class size. The consequence of these budget reduction strategies is decreased access for low-skilled adults, those who are the most affected by today's layoffs. ABE enrollment FTES declined by three percent from 2008-09 to 2009-10.

The colleges have enrolled increasing numbers of students by adding and over-filling course sections, while at the same time reducing staffing, hours, and services in other areas of the campus. Administration, student services, libraries and facilities maintenance have been reduced, making it more difficult for students to get timely responses and services.

Tuition rate increases and the additional tuition revenues from the surge in enrollments have helped to mitigate some of the impacts of state funding reductions in the current biennium. Next biennium, however, enrollments are expected to begin to decline to about 151,000 FTES by FY 2013 due to population changes and a slow economic recovery. The marginal tuition revenues from over-enrollments will fall off, exacerbating the impacts of state budget reductions.

#### **Impacts of 10 Percent State Budget Reductions**

The projection of 151,000 FTES enrollments assumes no further budget reductions. A 10 percent state funding reduction, or a net seven percent reduction assuming tuition increases, will necessitate additional staffing cuts at the colleges and decreases in service levels. As a result, the ability of the colleges to enroll at the projected 151,000 FTES level could be adversely impacted. Impacts and estimated reductions by program are described below.

- **Instruction (-\$33.3 million GF-S, -\$23 million net state and tuition):** Instruction expenditures make up 52 percent of college budgets and are expected to take the same proportion of this round of budget cuts. Reductions to instruction will be carried out through reduction in full-time faculty through attrition and possible layoffs; offering fewer courses taught by part-time faculty; and by eliminating select workforce program offerings. Students will find it difficult to get into the classes they need and will find a more limited number of workforce programs to choose from. Adult basic education programs will take a disproportionately high share of the cuts as colleges cut back even more on the number of ABE courses, as well as the times and locations of course offerings.
- **Student Services (-\$8.9 million GF-S, -\$6.2 million net state and tuition):** Additional cut backs to staffing through attrition and potential layoffs will increase financial aid and registration processing times; decrease public hours to allow for more processing time; increase the amount of time it takes to see an academic advisor; eliminate employment services such as workshops; replace some face-to-face contact with on-line tutorials and group sessions.
- **Central and Instructional Administration (-\$13.7 million GF-S, -\$9.4 million net state and tuition):** Reductions in staffing will take place through attrition as well as layoffs. Furloughs will be discussed at some colleges. Reduced security services, continuation of freeze on equipment purchases, reduction in hours and closure days are all strategies being considered by the colleges.

Community and Technical College System  
Plan for Implementing 10 Percent Reductions in the 2011-13 Biennium

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- **Libraries (-\$1.8 million GF-S, -\$1.2 million net state and tuition):** Colleges have already reduced staffing, hours of operation, and book and learning resources purchases. They will make further reductions through the same means, further limiting students' access to learning resources.
- **Plant Operations and Maintenance (-\$6.6 million GF-S, -\$4.5 million net state and tuition):** The savings will be realized through: reductions to staffing through furloughs, layoffs, and attrition; further utility conservation measures (electricity, water); deferred equipment replacement and purchases. Previous reductions have already resulted in increasing concern over the safety and cleanliness of the campuses. Conditions that gave rise to these concerns will be exacerbated with additional cuts.

**Estimated 10 Percent Budget Reductions in FY 2012**  
**\$s in 000s**

<b>General Fund-State Estimated Maintenance Level</b>	\$ 642,997
<b>Percentage Cut</b>	-10%
<b>General-Fund State Cut</b>	-\$64,000
<b>Plus Estimated Tuition Increase</b>	<u>\$20,000</u>
<b>Cut Net of Tuition Increase</b>	(\$44,000)
<b>System Average % Cut Net of Tuition Increases</b>	-7%

<u>Programs</u>	Estimated GF-S FY 2012 Expenditures	Estimated Reductions by Program*	Add Back Increased Tuition Revenues	Net Cut to Program	% Net Cut to Program
<u>Instruction</u>	<u>\$333,320</u>	<u>(\$33,340)</u>	<u>\$10,369</u>	<u>(\$22,972)</u>	-6.89%
Academic Transfer	140,288	(12,571)	4,623	(7,948)	-5.67%
Basic Skills	33,328	(5,144)	519	(4,626)	-13.88%
Developmental Ed	22,593	(2,251)	703	(1,548)	-6.85%
Workforce Ed	137,111	(13,374)	4,524	(8,850)	-6.45%
Libraries	17,892	(1,782)	557	(1,225)	-6.85%
Student Services	89,331	(8,933)	2,779	(6,154)	-6.89%
Administration	136,514	(13,651)	4,246	(9,405)	-6.89%
Plant M&O	<u>65,940</u>	<u>(6,594)</u>	<u>2,049</u>	<u>(4,545)</u>	-6.89%
	\$642,997	(\$64,300)	\$20,000	(\$44,301)	-6.89%

\*Determination of actual program cuts will be made at the college level.

**2009-11 Enacted Budget Balance Sheet**  
**Including 2010 Supplemental**  
**General Fund-State**  
Dollars in Millions

<b>RESOURCES</b>	
Beginning Fund Balance	189.3
June 2010 Forecast	29,282.4
September 2010 Update	(769.9)
<b>Current Revenue Totals</b>	<b>28,512.5</b>
Transfer to Budget Stabilization Account	(256.4)
Transfer from Budget Stabilization Account	274.1
Other Enacted Fund Transfers	1,225.7
<b>Total Resources (including beginning fund balance)</b>	<b>29,945.2</b>
<b>EXPENDITURES</b>	
<b>2009-11 Enacted Budget (including 2010 supplemental)</b>	<b>30,465.2</b>
<b>RESERVES</b>	
<b>Projected General Fund Ending Balance</b>	<b>(520.0)</b>
Budget Stabilization Account Beginning Balance	21.4
Transfer from General Fund and Interest Earnings	256.5
Transfer to General Fund	(274.1)
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>3.8</b>
<b>Total Reserves (General Fund plus Budget Stabilization)</b>	<b>(516.2)</b>

## Six-Year Outlook

2010 Supplemental Budget									
General Fund - State (GFS) Dollars in Millions									
	2010	2011	2009-11	2012	2013	2011-13	2014	2015	2013-15
<b>Beginning Balance</b>	189	(438)	189	247	(1,156)	247	(3,053)	(5,642)	(3,053)
<b>Revenues</b>									
<b>June Revenue Forecast</b>	13,621	14,900	28,521	15,862	16,560	32,422	17,346	18,170	35,516
<b>Enacted fund transfers</b>	547	416	963						
<b>Mandated transfer to Rainy Day Fund</b>	(120)	(140)	(259)	(149)	(156)	(305)	(160)	(168)	(328)
<b>Enacted Supplemental</b>									
<b>Fund transfers to/from GF-S</b>	306	23	328	(102)	(102)	(204)	(102)	(102)	(204)
<b>Governor's Vetoes</b>	(5)	(16)	(21)						
<b>Use of Rainy Day Account</b>	-	229	229			-			-
<b>New Revenue Proposals</b>	59	702	761	791	870	1,661	550	573	1,123
<b>Total Resources</b>	<b>14,408</b>	<b>16,115</b>	<b>30,523</b>	<b>16,403</b>	<b>17,171</b>	<b>33,574</b>	<b>17,634</b>	<b>18,473</b>	<b>36,107</b>
<b>Expenditures</b>									
<b>Enacted Budget/Baseline Estimates for 2011-13</b>	15,036	15,423	30,458	15,874	16,380	32,254	16,836	17,341	34,177
<b>Governor's Vetoes</b>	(0)	7	7						
<b>Replace Federal Funds and Future Obligations</b>									
<b>Replace Federal recovery funding/Other</b>				978	1,012	1,990	1,048	1,084	2,132
<b>Pension costs above the base</b>				314	388	702	591	649	1,240
<b>Continue Initiative 728</b>				354	457	811	484	522	1,006
<b>Restore and Continue Initiative 732</b>				45	180	225	488	745	1,233
<b>Basic Education (HB 2776)</b>				221	489	710	753	1,025	1,779
<b>Change in GAU costs due to federal health care reform</b>								(115)	(115)
<b>I-1029 Homecare Worker Training</b>				21	22	43	23	24	47
<b>Education Legacy Account Shortfall</b>						139		317	317
<b>Total Expenditures</b>	<b>15,036</b>	<b>15,430</b>	<b>30,465</b>	<b>17,806</b>	<b>19,068</b>	<b>36,874</b>	<b>20,223</b>	<b>21,592</b>	<b>41,815</b>
<b>Ending GF-S Balance</b>	(438)	247	247	(1,156)	(3,053)	(3,053)	(5,642)	(8,761)	(8,761)
<b>Budget Stabilization (Rainy Day) Balance</b>		6	6	155	311	311	471	639	639
<b>Total Reserves</b>	<b>(438)</b>	<b>253</b>	<b>253</b>	<b>(1,001)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(5,171)</b>	<b>(8,122)</b>	<b>(8,122)</b>

Based on budget obligations in current law, including education and pension funding, the reduction in federal assistance to the states, inflation and population growth, and the latest official revenue and caseload forecasts, budget writers are expected to face a \$3 billion gap in the 2011-13 biennial operating budget. Since the state must balance its budget, any solution to the gap for the 2011-13 Biennium would reduce the projected gap in 2013-15 to less than the amount shown in the table.

## **Assumptions for 2011-13 and 2013-15 Baseline Revenue and Expenditure Projections**

- The 2009-11 budget enacted in May 2010 and the official revenue forecast adopted in June 2010 are the starting points for the longer term projections.
- The official June revenue forecast predicts 6.7 percent growth in FY 2012 and 4.7 percent growth for FY 2013 with the newly enacted revenue sources, and 6.5% and 4.4% respectively without the new revenue sources.
- For the 2013-15 Biennium, revenue is assumed to grow at an annual rate of 4.75 percent, slightly under the long term average.
- The Federal Recovery Act Federal Medical Assistance Percentage 6-month extension is assumed to be included in the next federal budget.
- When salaries are projected, the following percentage increases apply:
  - Restoration and continuation of Initiative 732 COLA for education staff: 1.2%, 2.5%, 3.9% and 4.2% per year based on the Consumer Price Index (CPI), plus staff growth, based on the Consumer Price Index (CPI).
  - Other employees: 1.7%, 1.9%, 2%, and 2% per year, based on the Implicit Price Deflator (IPD), plus staff growth.
- Employee health benefits are expected to grow at 7.5 percent per capita per year, plus staff growth.
- Medical Assistance is projected at a 5.0 percent annual per capita cost increase, plus caseload growth.
- Health Care-related programs (Development Disabilities, Long-Term Care, Alcohol and Substance Abuse Services, Mental Health) grow at 60 percent of the rate of medical inflation.
- Vendor Payments 1.7%, 1.9%, 2%, and 2% per year, based on the Implicit Price Deflator (IPD).
- All other program costs are increased by the IPD general inflation factor plus associated caseload/population cohort growth.
- Baseline expenditures are projected to grow as follows: FY 2012 – 2.9%; FY 2013 – 3.2%; FY 2014 – 2.8%; FY 2015 – 3.0%

## **Budget Pressures Above the Baseline**

- Replacement of Federal Recovery Act funding with state funds would cost about \$2 billion in 2011-13, and \$2.1 billion in 2013-15.
- Pension funding obligations (above the current base) would add nearly \$700 million to 2011-13; and \$1.2 billion in 2013-15.
- Basic education improvements adopted by the 2010 Legislature and statutory requirements to fund voter approved measures ( I-728 and I-732) suspended in the current budget would cost about \$1.7 billion in the 2011-13 Biennium, and \$4.0 billion in 2013-15.
- Covering expected shortfalls in the Education Legacy Account would add \$139 million to the 2011-13 budget and \$317 million in 2013-15.

## FISCAL IMPACT FOR INITIATIVE 1107

Over five fiscal years, the initiative reduces State General Fund revenues by an estimated \$352 million and state performance audit revenue by an estimated \$359,000. Revenue for local jurisdictions authorized to impose a sales tax is reduced by \$83 million over five fiscal years. Taxpayer noncompliance and confusion could result in additional state and local government revenue decreases up to \$8.7 million and \$1.8 million, respectively, in fiscal year 2011. Net state costs to administer the tax revisions are \$98,200 over five fiscal years.

## GENERAL ASSUMPTIONS

- Estimates are based on information provided by state agencies during the 2010 legislative session for Second Engrossed Substitute Senate Bill 6143 (2ESSB 6143) and updated to the June 2010 Washington State Economic and Revenue Forecast.
- Estimates are described using the state's fiscal year (FY) 2012 (July 1, 2011, through June 30, 2012).
- Estimates exclude approximately \$273,000 in costs already incurred to implement 2ESSB 6143.

## STATE AND LOCAL REVENUES – ASSUMPTIONS

State revenues are estimated to decrease by \$352 million over five fiscal years as described below. State revenues deposited in the State General Fund may be used for any government purpose such as education services; social, health and environmental services; and other general government activities. State revenues deposited in the State Performance Audit Account are used by the Washington State Auditor to conduct comprehensive performance audits required under RCW 43.09.470.

Local revenue is estimated to decrease by \$83 million over five fiscal years for local jurisdictions that are authorized to impose a sales tax. An estimated 373 local jurisdictions, such as counties, cities and transit districts, are authorized to impose a sales tax. Local sales tax revenue must be spent as allowed by state law.

State and local revenue estimates are based on the following data sources and assumptions:

- The initiative is effective December 2, 2010.
- Price elasticity is 0.9 for candy, gum, bottled water and carbonated beverages.
- Sales tax on candy – State consumption and sales data of candy and gum are from the National Confectioners Association and the U.S. Department of Commerce.
- Sales tax on bottled water – State consumption and sales data are from the 2008 Beverage Digest Fact Book. Fiscal impact ends on June 30, 2013, when the tax is scheduled to expire.
- Excise tax on carbonated beverages – State consumption and sales data are from the 2008 Beverage Digest Fact Book and additional information is from industry resources. Fiscal impact ends on June 30, 2013, when the tax is scheduled to expire.
- Food processors business and occupation (B&O) tax – Washington State Department of Revenue excise tax return data.
- Local revenues are a statewide estimate based on the assumption of a statewide average local tax rate of 2.392 percent.

### Total State and Local Revenues

Fiscal Year	2011	2012	2013	2014	2015
Total State General Fund	(\$54,779,000)	(\$107,825,000)	(\$109,743,000)	(\$42,676,000)	(\$36,943,000)

<b>Total State Performance Audit Account</b>	(\$47,000)	(\$100,000)	(\$104,000)	(\$56,000)	(\$52,000)
<b>Total Local Revenue</b>	(\$10,662,000)	(\$23,369,000)	(\$24,136,000)	(\$12,887,000)	(\$11,946,000)

Below are total State General Fund and local government revenue impacts by tax type. Revenues are adjusted to reflect the effect of price elasticity on carbonated beverages if the excise tax is eliminated. Carbonated beverage consumption is assumed to increase, resulting in increased estimated state and local government retail sales tax, and state B&O tax collections.

### General Fund Revenue by Tax Type – STATE

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Sales Tax on Candy</b>	(\$15,191,000)	(\$31,250,000)	(\$31,686,000)	(\$32,114,000)	(\$32,530,000)
<b>Sales Tax on Bottled Water</b>	(\$16,083,000)	(\$33,768,000)	(\$35,355,000)	(\$3,086,000)	\$0
<b>Excise Tax on Carbonated Beverages</b>	(\$23,064,000)	(\$41,449,000)	(\$41,200,000)	(\$3,413,000)	\$0
<b>Food Processors B&amp;O Tax</b>	(\$1,932,000)	(\$4,028,000)	(\$4,165,000)	(\$4,284,000)	(\$4,413,000)
<b>Revenue Adjustment - Carbonated Beverage Price Elasticity</b>	\$1,491,000	\$2,670,000	\$2,663,000	\$221,000	\$0
<b>Total State General Fund Revenue Impact</b>	(\$54,779,000)	(\$107,825,000)	(\$109,743,000)	(\$42,676,000)	(\$36,943,000)

### Revenue by Tax Type – LOCAL

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Sales Tax on Candy</b>	(\$5,579,000)	(\$11,476,000)	(\$11,636,000)	(\$11,793,000)	(\$11,946,000)
<b>Sales Tax on Bottled Water</b>	(\$5,593,000)	(\$12,810,000)	(\$13,412,000)	(\$1,170,000)	\$0
<b>Revenue Adjustment - Carbonated Beverage Price Elasticity</b>	\$510,000	\$917,000	\$912,000	\$76,000	\$0
<b>Total Local Revenue Impact</b>	(\$10,662,000)	(\$23,369,000)	(\$24,136,000)	(\$12,887,000)	(\$11,946,000)

Initiatives take effect 30 days after the General Election, which is December 2, 2010. Based on the state's experience with the repeal of the Motor Vehicle Excise Tax, it is noted that many taxpayers assume taxes are repealed when election results are announced. Therefore, approval of the initiative could increase non-compliance with payment of tax, which would result in further decreased revenue to the state and to local governments. One month of state and local government tax receipts, representing taxable activity from November 2, 2010, to December 2, 2010, is estimated to be \$8.7 million and \$1.8 million, respectively, assuming a 100 percent non-compliance rate.

### STATE AND LOCAL COST ESTIMATE – ASSUMPTIONS

An estimated 207,700 businesses are affected by the tax revisions. The Washington State Department of Revenue will incur one-time costs during FY 2011 in the amount of \$204,600 to notify businesses of the repealed taxes. Thereafter, costs to implement the taxes are netted against costs avoided from repealing the taxes. This results in net savings during FYs 2013–2015, as shown below in parentheses.

<b>Fiscal Year</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Department of Revenue</b>	\$204,600	\$10,300	(\$71,900)	(\$22,100)	(\$22,100)

Because the Washington State Department of Revenue administers and collects local sales tax, no costs or cost savings are assumed for local governments.