



October 22, 2007

**MEMORANDUM**

Ref.: 07-35-76

TO: Victor Moore  
FROM: Charles N. Earl *C N Earl*  
SUBJECT: 2008 SUPPLEMENTAL BUDGET REQUEST

I write to forward the State Board for Community and Technical Colleges' (SBCTC) 2008 supplemental operating and capital budget requests.

**2008 Supplemental Operating Budget Request**

The 2008 SBCTC supplemental operating budget request is focused on promoting the State Board System Direction goals concerning economic demand, student success and innovation, as well as requests for emergent issues and technical corrections.

• **Economic Demand –Worker Retraining Funding - \$5.7 million**

The Worker Retraining Program responds to changes in the state and local economies by providing dislocated and unemployed workers the training and related support services they need to return to the workforce. Since 1997, state funding for the 6,200 budgeted student full time equivalent's (FTE) has remained at \$28.8 million or \$4,639 for each student FTE. Of this amount, \$1,300 is dedicated to student financial aid (to bridge the time it takes for formerly employed workers to become eligible for financial aid) and the rest goes to support colleges' instruction and other related costs. The flat funding level has gradually become inadequate for either of these purposes. Since 1997, CTC tuition has increased 84 percent and legislative support for other CTC instruction has increased by 42 percent. In addition, student support for dislocated workers through the federal Workforce Investment Act has also declined. This request seeks to begin to address the funding gap by increasing funding for the Worker Retraining Program by \$5.7 million, which will provide a 20 percent increase in student financial aid and in instructional support for colleges.

• **Student Success – Running Start - \$7 Million**

The Running Start program affords opportunity to an ever-increasing number of high school students to simultaneously earn high school and college credit, tuition free. Last year, two-year colleges served almost 11,000 FTE Running Start students. By statute, colleges receive reimbursement from school districts for Running Start students. There is a significant and

growing gap between the reimbursement rate and the actual cost to provide college instruction. The gap is currently about \$3,000 per student FTE, which is about 40 percent of the CTC average cost of instruction. The annual cost of closing the funding gap is estimated at \$34.5 million.

The State Board proposes a five-year phased funding plan to address the Running Start funding gap, and requests \$7 million as the first installment in this supplemental budget request. In addition, the State Board requests that colleges be allowed to report and count the portion of each Running Start FTE not covered by the K-12 reimbursement (about 0.4 of an FTE) toward state enrollment targets.

- **Innovation – 21<sup>st</sup> Century Learning Environments - \$9 Million**

This request is to provide adequate, stable funding to create and maintain 21<sup>st</sup> century learning environments to prepare students for the workplace and for transfer to baccalaureate institutions. The funding would be used to provide students throughout the CTC system with instructional equipment that meets industry standards and with access to on-line research and reference resources.

### **Emergent Issue**

- **Campus Security - \$8.5 million**

State Board staff, working with The Center of Excellence for Homeland Security, continues development work on a comprehensive approach to enhancing campus security. We will keep OFM staff informed of our work as it progresses. The current placeholder includes the following elements:

- vulnerability and threat assessments at each college, reviews of crisis management plans and updates where needed, table-top exercises to test college plans and disaster and emergency management training for faculty and staff;
- a system-wide Crisis Management System which includes mapping of all 34 community and technical colleges and which will result in enhanced communication with first responders;
- a campus-wide instant warning system that will provide two-way communications across each campus;
- additional communication systems, such as text messaging, paging, and emailing;
- additional emergency management supplies and equipment to fill the unique needs of each college.

### **Technical Issues**

- **E-Discovery – \$1.6 million**

The Federal courts have issued new mandatory regulations on the preservation and retrieval of electronic records. The State Board has developed this request in collaboration with the

colleges, the Attorney General's Office, and the Department of Information Services, to determine the hardware and software requirements and the costs to implement an enterprise-wide solution for email archiving. The \$1.6 million request is for software licensing, equipment and implementation.

- **Facilities Maintenance and Operations Funding - \$1.9 million**

Included in this request is maintenance and operations funding for five buildings (Lower Columbia Fine Arts, Edmonds Instructional Lab, Peninsula Workforce Training Center, and two Pierce College Health Education Center buildings, one at Puyallup and the other at Fort Steilacoom).

- **Compensation Funding Shortfall - \$937,000**

The salary bases used to calculate faculty and classified staff salary increases this biennium did not include the funding provided last biennium for faculty increments or the funding provided this biennium for certain classified salary improvements. This request covers this funding shortfall.

- **Office of Financial Management Enterprise Systems Fee - \$1.1 million**

Funding for the new Enterprise System fee was inadvertently omitted from our biennial budget. This item corrects that omission.

- **Fund Shift Correction**

The original biennial budget moved \$49.8 million from the general fund to the Pension Funding Stabilization Account (PFSA) in the second year of the biennium. Because most of the colleges' pension costs are in TIAA-CREF rather than PERS or TRS, the colleges will not have enough allowable PFSA expenditures to use the entire \$49.8 million. If not addressed, this would result in a \$42 million de facto funding reduction to the community and technical colleges.

### **2008 Supplemental Capital Budget Request**

- **Capital Project Cost Escalation – \$6.3 million**

The 2007-09 capital budget provided \$3.2 million for CTC's to manage unanticipated cost escalation for capital projects. The legislative proviso allows for cost escalation relief of up to \$750,000 per project; however, the \$3.2 million in funding is insufficient to provide that level of relief for seventeen projects (15 colleges) scheduled to bid this biennium. This request seeks an additional \$6.5 million allowing qualified projects to receive up to \$750,000 to mitigate market conditions.

- **Yakima Valley Community College – Skills Center - \$2.5 million**

The 2007-09 capital budget provided funds for a new Skills Center for the Yakima School District. The school district existing Skills Center is on the Yakima Valley Community

College (YVCC) campus. YVCC is required to compensate the school district \$2.5 million for lease hold improvements. This amount is the appraised value for the 20,956 square foot building the school district will vacate and title to the college. The current classroom and lab space is in excellent condition, can be put to immediate use, and is cost effective. It would cost more than double this appropriation amount to replicate.

- **Bellevue Community College – L Building Repairs - \$1.4 million**

This is an emergency request to resolve water intrusion and mold problems in the L-Building. The college hired consultants to estimate costs for repairs and the problems are more extensive than originally thought. An emergency project is needed to replace windows and storefront, seal concrete, install flashing, and upgrade stucco transitions to prevent water infiltration.

- **North Seattle Community College/Employment Security Department/Department of Social and Health Services –\$23.58 million in COPs**

The 2007-09 capital budget provided \$1.97 million for the design phase of the combined North Seattle Community College/ESD/DSHS Employment Resource Center. The design is progressing and COP authority is necessary to begin construction before the end of the biennium.

- **Wenatchee Valley College – Student Housing - \$3,347,000 in COPs**

Wenatchee Valley College requests authority to use alternative financing for development of student housing adjacent to the main campus.

Thank you for your consideration of these requests. We look forward to working with you and your staff in the coming months.

cc: Wolfgang Opitz  
Debra Merle  
Marc Webster  
Julie Salvi  
Tom Saelid  
Craig Olson  
Debbie Driver  
Dave Johnson  
Susan Howson  
Aldo Melchiori  
Mike Wills  
Tim Yowell  
Brian Sims  
Marsha Reilly