

MEMORANDUM

October 24, 2007

TO: Admissions and Registration Council
FROM: Carmen Stewart
State Board for Community & Technical Colleges
Re: Fall 2007 State Board Report

2008 Supplemental Operating and Capital Budget Request

OPERATING BUDGET:

Economic Demand

- **Worker Retraining Program - \$5.7 million**

The Worker Retraining Program trains dislocated workers for new jobs in the economy. Since 1997, by legislative proviso, the program's 6,200 budgeted FTES have been funded at \$4,611 each. Of this amount, \$1,300 (28%) is dedicated to student financial aid (to bridge the time it takes for formerly employed workers to become eligible for financial aid) and \$3,311 (72%) goes to support colleges' instruction and other related costs. The flat funding level has gradually become inadequate for either of these purposes. CTC tuition has increased 84% since 1997, and legislative support for other CTC instruction has increased by 42%.

The State Board seeks to begin to close the funding gap for this program by requesting \$5.7 million in permanent funding beginning in FY 2009. This would bring state funding per FTE to \$5,530 - \$1,559 (28%) in financial aid and \$3,971 (72%) for college support, and would close approximately 40% of the funding gap.

Student Success

- **Student Transitions: \$8.7 million**

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 K-12 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 has tripled since the program's inception in 1994, and is now \$3,000 per 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.

College in the High School - \$1.7 million

College in the High School classes are taught on high school campuses and allow high school juniors and seniors to receive both high school and college credit. College faculty either provide the instruction directly or they supervise the work of high school teachers who deliver the instruction. 5,300 College in the High School classes are taken annually by about 3,000 students. School districts receive and retain state K-12 funding for these students. College costs are covered by a \$325 per course fee paid by students in the program. The purpose of this request is to remove the financial disincentive for students to take college-level courses through College in the High School, putting it on a par with Running Start. This request would provide state funding so that students would no longer be required to pay a fee for this dual credit program.

Innovation

- **Student Support: \$9 million**

Instructional Equipment – \$7.5 million

The SBCTC requested \$17 million in the biennial operating budget to address urgent equipment replacements needs in instructional programs. The Legislature provided \$2 million toward this request. Equipment acquisition and replacement remains a top priority need at the colleges, and this item asks the Legislature to add \$7.5 million in permanent FY 2009 funding to their original investment.

Digital Library Resources - \$1.5 million

This funding would provide students throughout the CTC system uniform access to the same on-line library resources they will later use on the job or at baccalaureate institutions. Because access to these resources is critical to prepare students for the work environment and for transfer, \$1.5 million in permanent annual funding is requested in the second year of this biennium.

Emergent Issues

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

State Board staff, working with The Center of Excellence for Homeland Security, has developed a comprehensive approach to enhance campus security. Unlike four-year universities, two-year colleges do not have campus police and rely heavily on local law enforcement and other first responders. This request includes funding for a mapping system for each of the 34 community and technical colleges (equivalent to the K-12 system) to enhance communication and establish stronger relationships with first responders. It also provides funds for a two-way communication system that provides instant warning, a redundant communications system, disaster and emergency management training and related emergency equipment.

- **E-Discovery – \$1.6 million**

The Federal courts have issued new mandatory regulations on the preservation and retrieval of electronic records. State Board has developed this request in collaboration with the colleges, 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. There are approximately 52,000 electronic mailboxes in the college system that would qualify for archiving. The \$1.6 million request is for software licensing, implementation/deployment, and equipment.

Technical Budget Corrections

- Facilities Maintenance and Operations Funding - \$1.9 million**
 Included in this request is maintenance and operations funding for three buildings (Lower Columbia Fine Arts at \$444,000, Edmonds Instructional Lab at \$728,000, and Peninsula Workforce Training Center at \$84,000). Also requested is funding for maintenance and operations for two Pierce College Health Education Center buildings, one at Puyallup (\$117,000) and the other at Fort Steilacoom (\$535,000), both of which contain instructional space.
- Compensation Funding Shortfall - \$937,000**
 Faculty and classified staff salary increases provided this biennium were underfunded. The salary bases used to calculate the funding amounts did not include the funding provided last biennium for faculty increments or the funding provided this biennium for certain classified salary improvements. This request level covers the funding shortfall.
- Office of Financial Management Enterprise Systems Fee - \$1.1 million**
 OFM has notified us that a new technology fee for the Enterprise system was inadvertently omitted from our biennial funding, and they intend to address this in the supplemental budget.
- Fund Shift Correction**
 The original biennial budget moved some general operating dollars into a fund with limited allowable uses. The colleges will not have enough expenditures in the allowable areas, resulting in a de facto funding reduction unless the fund shift is corrected in the supplemental budget. OFM intends to address this in the supplemental budget.

CAPITAL BUDGET:

- Capital Project Cost Escalation – \$6.3 million**
 The 2007-09 capital budget provided \$3.2 million, against our request for \$5 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 if all seventeen projects scheduled to go to bid this biennium were to need it. This request would seek an adjustment from the \$3.2 million already budgeted to up to \$9.5 million, allowing qualified projects to receive closer to the \$750,000 per project.
- 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 is currently leasing the existing Skills Center site from Yakima Valley Community College (YVCC). According to the terms of the lease, YVCC is required to compensate the school district for the 20,956 square foot building it will be vacating. This budget request compensates the Yakima School District per the terms of the ground lease dated June 25, 1977. The current classroom and lab space is in excellent condition, can be put to immediate use, and is cost effective. It would cost double this appropriation amount to replicate.
- Bellevue Community College – L Building Repairs - \$1.4 million**
 Bellevue Community College has identified 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. It will require replacement of windows and storefront, sealing of concrete, installation of flashing and upgrading stucco transitions.
- 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 construction phase is positioned for funding in the 2008 supplemental request. The State Board has been asked to accelerate design so that construction can begin before June 2009 and the project can be completed before Fall 2010. The State Board will resubmit this project as it was originally submitted in the 2007-09 capital budget request.

- **Wenatchee Valley College – Student Housing - \$3,347,000 in COPs**
Wenatchee Valley College requests authority to use COP financing for development of student housing adjacent to the campus.

Policy Considerations for the 2008 Legislative Session

The following is a short list of some of the issues being discussed as the legislative platforms for the upcoming and future sessions are being developed.

- **Retire/rehire restrictions in HB 2391**
Background: The 2007 Legislature passed a gain-sharing measure. The legislation restricts the rehire of retirees from TRS, SRS and PERS 2 and 3 until they reach the age of 65. Many colleges rely on recent retirees as part-time faculty members.
- **Quality awards to allow use of accreditation efforts to meet Baldrige requirements**
Background: The Legislature has directed all state agencies, including two-year colleges, to submit a “Quality Award” application to the Governor’s office (www.wsqa.net). The award is patterned after the Baldrige National Quality Programs Awards (www.baldrige.nist.gov). The award submission process places a burden on college staff and may duplicate the accreditation process. This is one example of a larger conversation on refining the multiple accountability systems.
- **Child Care**
Background: Many community and technical college students are parents, a majority of them are single parents. The need for adequate and affordable child care can be a barrier for students wishing to complete their education. The issues around the availability and affordability of child care are varied. Some colleges do not have child care facilities on campus. Many with child care centers have long waiting lists. Many students on TANF get financial assistance to cover child care. Those on the other end of the economic scale often have family or other resources to help them pay for child care. However, for many low-income students, there is no assistance and they cannot afford it.
- **ESL/ABE Tuition Shortfall**
Background: Because of the lower level of funding of ESL/ABE tuition, every college in the system faces a budgetary shortfall that totals nearly \$40,000 annually for the system. While some colleges are hit harder than others, this is a system-wide issue. The underlying demographics suggest the demand for these programs will continue to rise. If colleges are going to grow their offerings to meet this need, and more sustainable financial model may be necessary.

Other Initiatives

DVR/DSB/PIHE Collaborative Agreement

The 1998 amendments to the Rehabilitation Act of 1973 required the Department of Vocational Rehabilitation (DVR) and the Department of Services for the Blind (DSB) to reach an agreement with public institutions of higher education about the division of responsibilities for serving clients who are also higher education students. Close collaboration between the community and technical colleges and public baccalaureate institutions was an effective, central strategy in the nearly two-year negotiation process. In 2000, an Interagency Agreement was completed among all parties and signed by our presidents.

The 2000 Interagency Agreement (IA) stated that the institutions and DVR/DSB would address costs on a “case by case” basis. We recognized we needed to return to the table to refine the financial responsibility section of the agreement. Attempts were made, but they did not prove fruitful.

In 2005, the federal Rehabilitation Services Administration (RSA) advised DVR and DSB that Washington’s IA was not in compliance with current rules. In addition to financial responsibility, RSA requested changes related to dispute resolution, reimbursement, and coordination of services. We began a new round of negotiations in 2006, again with representatives of each of the public baccalaureates working in concert with community and technical college representatives, referred to collectively in the agreement as the “public institutions of higher education (PIHE).”

As a result, DVR and DSB have agreed to share extraordinary accommodations costs. We have addressed RSA’s several concerns. There have been quite a few twists and turns to get us to this place, but we are satisfied that this 2007 Interagency Agreement, even in the new contract format now required by DVR and DSB’s parent division (Department of Social and Health Services), is a positive result for all parties. We have consulted frequently with AAG David Stolier, who has assisted us in the development of specific language and has verbally approved the final document.

RSA required DVR and DSB to complete a new agreement by September 30, 2006. When that was not possible, RSA extended the deadline to September 30, 2007. They have now extended it for another three months, with sanctions. DVR and DSB are under pressure to complete the agreement as soon as possible.

System representatives working on this agreement (listed below) have approved the document and recommend signing the new agreement. Presidents from Washington’s six public baccalaureate institutions all signed the agreement at their October 4th meeting. The agreement will be brought to the community and technical college presidents for signature at the October WACTC meeting.

Community & Technical College Representatives:
Rhonda Coats, South Puget Sound Community College
Maddy Jeffs, Columbia Basin College
Bill Culwell, Whatcom Community College
Ben Webinger, Spokane Falls Community College
Tami Jacobs, Clark College
Rick MacLennan, Olympic College

Student Listening Taskforce

The Student Listening Task Force completed their third and final meeting on September 19th. The task force edited an initial survey in early September. A second draft was circulated to the taskforce

members for edits. This draft was also distributed to the Executive Committee of the Student Services Commission by their representative to the task force for feedback and edits. The consultant, Jennifer Purcell, is currently working with her field service sub-contractor to input the survey into its web-based format. The web-based version has been tested by the task force members and will also go out to about 50-75 students to test and provide feedback.

A final electronic survey should be ready for distribution on or about October 19th. State Board staff is currently working in a database to randomly draw 4,000 – 5,000 students in eleven regions (approximately 50,000 students in total will be directed to the survey). Because of the length of the survey we are assuming an 8 percent response rate, and this will provide approximately 350 to 400 completed surveys per region. This will result in a confidence level of +/- 5 percent by region. This is a very robust sample. Five iPod Nanos will also be awarded as part of the promotion (randomly drawn from completed surveys).

One of the benefits of a web-based survey is the real-time analysis that the consultant will do. Outreach efforts can be doubled in regions that look light, or specific demographics that look light (program intent, age, sex, or ethnicity).

Major categories of questions include attendance choices, student support services needed, the impact/importance of tuition levels and financial aid on attendance, technology preferences of students, and overall satisfaction levels.

The consultant will complete the data analysis in late November and will present the findings at the Board's December 4th work session. Following the analysis and Board discussion in December, the Board will be asked to prioritize topics for focus groups that will be organized for early and late Spring 2008.

To Save Trees ~ Some Useful Links

In an effort to conserve paper, here are some useful links to help you access the latest information on the Student Achievement Initiative, http://www.sbctc.ctc.edu/college/e_studentachievement.aspx. Go to http://www.sbctc.ctc.edu/college/e_studentsuccess.aspx for information about IBEST, Opportunity Grants, the Transition Math Project, Ford Foundation Washington Bridges to Opportunity Project and Achieving the Dream.

And check out the great new website featuring a host of useful information to support access and success for foster youth at www.independence.wa.gov.