South Puget Sound Community College
BOARD OF TRUSTEES
REGULAR MEETING: STUDY SESSION
Tuesday, May 12, 2026
Building 22-Room 195
South Puget Sound Community College
2011 Mottman Road, S.W.
Olympia, WA 98512-6292

CALL TO ORDER
Board Chair Judy Hartmann called the meeting to order at 2:00 p.m.

ROLL CALL
Trustee Judy Hartmann, Trustee Steven Drew, Trustee Doug Mah, and Trustee Mark Brown were present. Trustee Rozanne Garman was absent. Sharon English, Assistant Attorney General in the Education Division, was present on behalf of Justin Kjolseth, AAG.

EXECUTIVE SESSION
At 2:00 p.m. Board Chair Hartmann announced that the Board was going into Executive Session until approximately 2:30 p.m. to review the performance of public employees ((RCW 42.30.110(1)(g)), and to discuss with legal counsel litigation or potential litigation, and no action would be taken by the Board during the Executive Session.

RECONVENE REGULAR MEETING
The regular meeting reconvened at 2:35 p.m. The Board was in Executive Session and there was no action taken by the Board.

Board Chair Hartmann verified that the June 9 board meeting will begin at 11:00. The time will be updated on the consent agenda.

APPROVAL OF CONSENT AGENDA
It was moved by Trustee Brown and seconded by Trustee Mah, **THAT THE CONSENT AGENDA WITH THE AMENDMENT NOTED ABOVE, BE APPROVED. THE MOTION CARRIES.**

A. **ADOPTION OF MINUTES**
   - April 14, 2026 regular board meeting
B. **MEETINGS AND CONFERENCES**
   - ACT Trustee Tuesday, June 9, 2026, Virtual
C. **ANNOUNCEMENTS**
   - 2026 Commencement Ceremony, June 13, 10:00 a.m., The Evergreen State College's Red Square

D. DATE OF THE NEXT BOARD MEETING

Regular Meeting
June 9, 2026
~~2:30~~ 11:00 a.m.-4:30 p.m.
South Puget Sound Community College
2011 Mottman Road, S.W.
Olympia, WA 98512-6292

SPECIAL INTRODUCTION

The Board recognized and congratulated SPSCC student Carmen McElroy for receiving the following academic awards and distinguished recognition: Jan Yoshiwara Scholarship - $2500; 1st place in Washington State All-USA Academic Team Award - $2000 and a Medallion; New Century Transfer Pathway Scholarship - $2750 and a Medallion; ACT Scholarship (Top 3 in Washington) - $1000; WSECU - Top 16 Scholarship - $780; and Key Bank Scholarship - $210.

Another distinguished SPSCC 2026 All-Washington Scholar is Caleb Schaefer, who serves as President of SPSCC's Veterans Club and works at the VALOR Center supporting fellow veterans.

PUBLIC COMMENTS

Chair Hartmann opened the *Public Comments* and noted that each board meeting includes a public-comment period guided by board policy. She reviewed the process and ground rules, "Board Policy 105 (*Meetings*) allows for oral comments or questions by members of the public on any matter relevant to its responsibilities and duties in the operations of the college. Consistent with this policy, comments may be limited to three minutes per person. The board is here to listen and typically does not respond and/or engage in public comments." Chair Hartmann added the board listens carefully, especially given current financial concerns affecting employees and the community. No decisions would be made at this meeting; instead, the board would consider the comments received and, if needed, work with Dr. Stokes to gather more information. Written comments could also be submitted to Diana Toledo for the board's review.
The Chair then opened the floor to speakers in the order they had signed up.

- Comment #1: certified executive chef and certified executive pastry chef with over 54 years of experience
- Comment #2: a local resident who has lived near the college for 35 years
- Comment #3: an English faculty member at SPSCC
- Comment #4: president of the Thurston-Lewis-Mason Central Labor Council
- Comment #5: vice president of the Faculty Union and an SPSCC tenured culinary professor
- Comment #6: SPSCC culinary arts professor
- Comment #7: an alumnus of the culinary and bakery arts program
- Comment #8: SPSCC professor of baking and pastry arts and alumna of both programs

- Comment #9: mental health counselor/faculty member/longtime college employee
- Comment #10: food service provider for Whisper School District in Lewis County
- Comment #11: Olympia resident
- Comment #12: business owner and culinary student
- Comment #13: Associated Student Body vice president
- Comment #14: chef and restaurant owner in downtown Olympia, has worked locally for 7 years
- Comment #15: from Lacey, with over 20 years in hospitality and special events experience

The following are main themes across the comments on the discontinuation of the Culinary Arts Program and Baking & Pastry Arts Program provided by fifteen individuals:

- The programs are life-changing for students. They provide confidence, purpose, belonging, discipline, mentorship, and career direction.
- The programs meet workforce and industry needs. The food service and hospitality industries need more trained workers, not fewer.
- The programs benefit the local economy and community.
- The programs provide high-quality, respected training; comments praised programs' professional standards, strong instruction, accreditation, mentorship, and hands-on learning.
- Culinary education supports food safety and public health.
- The programs create non-traditional, equitable and accessible pathways to stable careers.
- The closure process is seen as flawed.
- Concerns about trust, shared governance, and budget transparency; handling of decision lacking collaboration with faculty, staff, students, and community stakeholders
- Programs should be improved or reimagined—not eliminated; solution is adaptation, expansion, and modernization, not closure.
- The programs strengthen the college itself; described as examples of what the college does best
- Opposition to closure; reconsider, delay, collaborate, and preserve the programs because of their value to students, employers, and the wider community

BOARD SPECIAL COMMITTEE LIAISON REPORTS

- ACT Legislative Action Committee (LAC): Trustee Doug Mah--primary; Trustee Steven Drew--secondary
    - Trustee Mah:
        - There was no report.
- Board Finance Committee: Trustee Steven Drew--primary; Trustee Mark Brown--secondary
    - Trustee Drew reported:

        - The Board Finance Committee met on April 24 to review the financial information that will be presented in detail by Dr. Tolefree later in the agenda.
- Foundation Board: Trustee Rozanne Garman--primary; Trustee Judy Hartman--secondary
    - Trustee Hartmann reported:
        - The Foundation Board president will provide the annual Foundation report later in the agenda.
- Ad-Hoc Governance Committee--Policies Review: Trustee Judy Hartmann--member; Trustee Doug Mah--member
    - Trustee Hartmann reported:
        - The Committee met and completed a full review of board policies to be sure they are up-to-date with any impacts that statutory and regulatory changes might have. The periodic review is to keep policies current with state law, regulations, and accreditation requirements, and the changes were shared with the AAG for confirmation/consistency. Trustees were asked to review the recommended changes so the board can take action in June.

REPORT FROM THE COLLEGE PRESIDENT

- Dr. Stokes reported:
    - There were no reports from Student Senate, Faculty Union, and Faculty Senate as it was a Study Session board meeting.
    - Enrollment--The college has reached the 10th day of the quarter, and enrollment growth has slowed significantly. Previous enrollment was up 8% in fall and 8% in winter, but the latest increase is only about 1.2%; signs of enrollment softening. Leadership believes this is the start of the expected enrollment cliff that has been anticipated since 2024. A key reason is the long-term demographic impact of the 2008-2009 recession, when birth rates declined; this is now affecting college enrollment. Moving forward, the projected budget is based on a flat or declining enrollment environment. As trustee Drew said, that was an effort to preserve or sustain as much programming as possible and still balance the budget. Enrollment challenges are expected to continue through 2032, creating a likely flat-budget environment. There is concern that the budget may not fully account for these ongoing enrollment pressures.
    - He and the State Board legislative director have met with OFM director and he and Trustee Mah have planned meetings with 22nd Legislative District legislators in preparation for the legislative session to discuss major budget pressures such as unfunded COLAs and tuition policy constraints/limits on tuition increases. These issues are causing serious budget problems across community and technical colleges.
    - At the recent ACT conference, it was clear that many colleges are facing similar difficult financial decisions. The overall message is that the college is not alone, but must continue making hard decisions without expecting outside rescue from the legislature or enrollment growth.
    - He noted the President's Outreach/Professional Development/Advocacy

Activities List in TAB 2.

INFORMATIVE REPORT No Report.

POLICY

Election of 2026-27 Board of Trustees Officers

Chair Hartmann appointed Trustee Drew and Trustee Garman to be on the nominating committee to recommend the 2026-2027 Board officers in June.

BUILDINGS AND GROUNDS No Report.

BUDGET AND FINANCE

Quarterly Financial Report

Dr. Tysha Tolefree, Vice President for Finance and Operations and Parminder Kaur, Associate Vice President of Finance, reported on the financial operation of the third quarter of the 2025-26 fiscal year using the reports: 2025-26 Operating Budget (FY26) through March 2026 and Non-Operating Accounts Statement of Revenue & Expense and Change in Net Position Year-to-Date (FY26) through March 2026.

FY26 Q3 Operating Revenues: Total operating revenues for FY26 Q3 increased by 3.7% to $51.1M compared to FY25 Q3 of $49.2M. This $1.8M increase is largely due to: $853K increase in net tuition operating fees; $508K increase in Running Start fees; $319K in total transfers; $200K in non-resident tuition; and $103K increase in State Allocation. This is offset by a $146K decrease in matriculation, fees, and rent, driven largely by reduced investment interest. Based on current trends, total Operating Revenues are projected to reach approximately $55M by year-end, slightly above the FY26 budget.

FY26 Q3 Operating Expenses: The operating expenses for FY26 Q3 are $39.3M, reflecting a 4.9% increase compared to FY25 Q3 of $37.5M. The rise primarily results from increased salaries, wages, and employee benefits of approximately $2.6M. Legislated cost-of living adjustments (COLAs) and rising benefit costs have consistently outpaced tuition increases. These expense increases are offset by decreases in transferred expenses of $473K, $223K in goods and services, and a $99K decrease in equipment. Based on current spending patterns and the FY26 forecast, total Operating Expenses are projected to reach approximately $54.9M by year-end, closely aligning with the FY26 budget.

The operating surplus for FY26 Q3 is $11.7M. Based on current projections, the College is expected to end FY26 with a near-break-even operating position, with a modest surplus of $123K at year-end. However, that margin is narrow and could shift to a deficit as final accruals, approvals, and significant year-end obligations are recorded. The college has worked to reduce non-essential spending across divisions, improve cash management by deferring selected purchases, align expenses with receipts, and explore stronger budget controls through commitment control processes in ctcLink (wherever the budget line is, it will not allow one to spend more without justification to override an expense). Even with these steps, the college continues to face a broader structural challenge: mandated compensation and inflationary cost increases are not being fully matched by state funding, creating ongoing pressure on operations and reserves.

The college usually ends the year with a $1.7 million to $2.4 million surplus, but last year ended with an $87,000 deficit. This year's deficit could be even larger. Next year's proposal reflects this by drawing down reserves. Policy requires maintaining a 15% reserve; using reserve funds will reduce that balance. Some reserves have already been used, and more may be needed when the books are closed. No reserve funds are currently being built into next year's budget proposal.

FY26 Q3 Non-Operating Budget Overview: Total non-operating revenues for FY26 Q3 are $12.3M, offset by expenses totaling $11.7M, resulting in a net gain of $540K.This positive outcome is primarily driven by revenues from Technology Fees of $468K, CCE revenues of $342K, $254K from E-learning, $165K from Student services, offset by a negative variance of $629K in institutional support, and $107K in lab and supply fees. The decrease in institutional support of $629K is due to transfers to the COP lease principal and interest payments.

FY26 Q3 results reflect stable operating revenue performance supported by tuition and fee collections. Receivables and cash management have improved relative to previous quarters when timing and collection challenges placed pressure on cash flow. Enhanced monitoring, along with a freeze on vacant hires and non-essential spending, has further supported cash flow stability. Receivables are now trending within a more predictable and controlled range. Overall, cash flow continues to improve, supporting the College's ability to meet its obligations and, at this point, position FY26 for a stable close. Given the modest projected surplus, the year-end close could still result in a slight deficit, primarily due to payables that may need to be accrued at year-end.

2026-2027 Operating Budget

Dr. Tolefree presented the Fiscal Year 2027 (FY27) Operating Budget, which includes discontinuation of the Baking and Pastry Arts, Culinary Arts, and Paralegal programs; employee RIFs; and positions being eliminated.

The operating budget affects all campus departments and programs. They reviewed FY27 budget development (key highlights of legislative session outcomes); college enrollment and FY27 revenue projections; FY27 expense projections; guiding principles; and cost-saving measures during FY27.

- Tuition rate (Operations, Building, and Student & Activities fees: 3.2% increase)
- Running Start program rate: 3% increase
- Non-resident tuition rate: 3% increase

- State Allocation (Operating Budget, Provisos, and Earmarks) 1% increase as compared to FY26 actual
- COLA increases (not fully funded):
  - I-732 Faculty - 2.6%, Exempt/Non-Rep - 2%, WFSE Classified - 2%
  - State general fund - 79% (state funded) / Tuition fees (locally funded)– 21%
    - I-732 Faculty - 2.6%, - only state funded portion included in budget
    - FT Faculty - $53K Savings
    - Adjunct - $27K Savings
  - Exempt/Non-Rep - 2% - only state-funded portion included in budget
    - $29K Savings
  - Executive Team - 0% COLA
    - $ 29.5K Savings
- Employer-paid healthcare contribution:
  - Slight increase to $1,337 per eligible employee, up from $1,333; Annualized increase from $15,996 to $16,044
- Running Start FTE cap: Reduced to 1.3 FTE, which is more favorable than the earlier proposed reduction to 1.2 FTE. This remains in effect through 2028–29 under ESSB 6260.
- Other legislative budget adjustments: The conference budget reduces higher education appropriations by $71.2M over the biennium and replaces that funding with Fund 060 Building Account revenue transferred to Fund 149 Operating Fee Accounts. This equates to a projected decrease of $988K for FY27 (1.4% decrease to state allocation).

College Enrollment and FY27 Revenue Projections: FY27 revenue is projected to decline by 4.1%. State tuition and Running Start fees make up 44% of projected income, while state allocations account for 55%. A decrease in non-resident contract tuition is expected due to immigration, travel, and global economic factors, though this revenue source represents less than 1% of total operating revenue. Running Start enrollment is projected to fall 3% because of a lower FTE cap, but revenue should stay near FY26 levels, supported by a 3% rate increase. Unlike prior years, CCE transfers and reserves are not included in the FY27 budget.

Guiding principles were used to develop the FY27 Budget. The expected outcome is to develop a budget that will enable the continuation of quality instruction and student success.

FY27 impacts total $4,459,415: Unfunded COLA savings across personnel classifications $138K; Personnel reduction in costs $3,232.452; Non-personnel reduction in costs $773,963; Separation/VESI expense $315K.

Impacts after FY27 total $539,490: Personnel reduction in costs $490,565; Non-personnel reduction in costs $48,925.

DIVERSITY, EQUITY, AND INCLUSION No Report.

STUDY SESSION

Foundation Annual Report

Marcus Glasper, President of the Foundation Board of Directors and Kelly Green, Vice President for College Advancement, provided the Foundation Annual Report.

Revenue:

- Foundation 2025 revenue: over $2.3M, including cash, in-kind gifts, and pledges.
- Revenue change from 2024: $251,459
- Total endowment value is now over $17.4M, with about $14M in endowed scholarships.
- A $1.7M increase in endowment value, helped by new deposits and strong market returns.

Fundraised Revenues:

- While fundraising reached 98% of goal in both 2024 and 2025, the mix of giving changed significantly: Unrestricted giving dropped sharply, especially from businesses, reducing flexibility to respond to unexpected student needs.
- Restricted gifts remain strong, especially for scholarships and specific programs, but they cannot cover emerging or general needs.
- LLC profits and event proceeds would count as unrestricted funds, though LLCs are not yet generating profit.

Fundraising Highlights:

- In 2025, the Foundation started 9 new endowments, bringing the total to more than 120.
- A notable highlight was an anonymous grant supporting the Entrepreneur Academy, with potential for additional future funding.
- Employee giving contributed about $53,000 from 128 donors, including 18 new employee donors.

College Support:

- Nearly $1M went to student scholarships and about $480,000 to grants, with grant spending rising sharply from 2024. The biggest grant needs were emergency assistance such as utility shutoff prevention, gas, car repairs, and tuition help. Because demand for grants is increasing and unrestricted funds are tightening, the Foundation may need to limit students to one grant per academic year.

2025 Board-led Projects:

- The Foundation completed 5 of 6 goals for 2025.
- A major accomplishment was completing a year-long RFP process for a new investment manager and selecting Becker Capital, which began onboarding in December.

- The board updated its board matrix and aspirational criteria to make recruitment more intentional, strategic, and aligned with community representation goals.
- The review identified gaps in representation, including BIPOC members, veterans, and some geographic areas such as Yelm and Lewis County.
- The Foundation lost 1 board member and added 2 new members in January.
- A board climate survey was conducted to assess board functioning and identify areas for improvement; overall results were positive.
- The Foundation continued its pause on the signature event to reconsider its value and alignment with strategic goals. In place of signature event, the board launched “SPSCC After Hours,” a community engagement event focused on introducing new people to the college and building future advocates.

Staff-led Projects:
- Developing metrics and a dashboard to track progress on the strategic plan. The Foundation is working to better align its annual plan with strategic goals and objectives.
- Continued brand development work, including refreshing marketing materials, creating consistent one-pagers and web updates to standardize how they talk to donors about endowments and planned giving.
- Implemented BoardEffect, a board management software to improve board organization and communication.

2026 Look Ahead:
- Board Work: Ongoing focus on unrestricted giving support; Charitable Remainder Unitrusts (CRuTs); “Under 25” endowment strategies; Investment Policy and fund allocation; Bylaws review and update
- Staff Work: Continue prospect-focused events; Improved Required Minimum Distribution (RMD) strategies and language; Improved sharing of emerging needs and program offering updates; Refine practices around unrestricted grants and scholarships

Unlocking Opportunity

Dr. Michelle Andreas, Vice President for Instruction and Dr. Dave Pelkey, Vice President for Student Services, provided an update on the Unlocking Opportunity initiative. The discussion emphasized that Unlocking Opportunity is intended to strengthen programs, not close them. Its focus is on improving post-graduation outcomes by helping professional-technical program students reach living-wage jobs and helping transfer students complete bachelor’s degrees. They described this work as an extension of existing student-success efforts, while also acknowledging the need for clearer communication, stronger transfer pathways, and better alignment between programs, advising, employer expectations, and student outcomes.

The table on Transfer Program Analysis (Under 55% will be considered low-success degrees) was reviewed. The college identified low-success transfer pathways, including general studies, pre-nursing, and engineering/physics transfer, and is targeting improvements in those areas.

Goals and Strategies

- General Studies will be moved forward to Instructional Council for closeout because it does not align with workforce or transfer goals, while pre-nursing is being redesigned into broader healthcare transfer options that map to a myriad of bachelor's degrees. Statewide work is being done to look at options in healthcare professions.
- The college is pursuing stronger major-ready and 2+2 transfer agreements so students can enter university programs without repeating courses or losing time and financial aid eligibility.
- Progress has been made with institutions such as Washington State University, St. Martin's University, and Western University, while The Evergreen State College remains a more difficult transfer partner due to less structured program mapping.
- The professional-technical faculty had input into defining a living wage for Thurston County, and the wage $25.00 per hour has been selected as our "living wage standard." About $52,000 annually was established as a target for evaluating program outcomes.
- The college plans to redesign College and Career Success courses, align advising with career and transfer planning, and give advisors and faculty stronger wage and labor-market information.
- Faculty are revising curriculum, expanding articulation agreements, and connecting students to clearer academic and career maps.
- The college is working with employers to improve wage outcomes and explore options such as co-ops, advanced certificates, and bachelors' pathways for technical fields.

Overall, the conversation framed Unlocking Opportunity as a strategic, student-centered effort to improve wages, transfer success, and long-term value for students while allowing the college to lead needed changes rather than having them imposed externally. The effort positions the college to shape change proactively, meet community expectations, and respond to growing pressure for higher education to demonstrate clearer student outcomes and value.

Outcome of Transfer Study

Dr. Michelle Andreas and Dr. Dave Pelkey provided the results of the Transfer Study. A year-long qualitative transfer study found that students value the college's community and support, and reported strong positives at SPSCC including belonging, supportive faculty, a culture of student success, financial help, and pathway focus. However, they often do not understand the transfer process and are unlikely to engage unless guidance is built into their experience. Key barriers include limited knowledge of the transfer process, insufficient transfer advising, lack of clear transfer plans, concerns about cost, weak connections to four-year institutions, and credits not applying to intended majors.

The discussion also emphasized that success should be measured not just by transfer rates, but by bachelor's degree completion after transfer. A transfer rate of about one-third was described as relatively strong, but the broader aspiration is much higher: roughly 65% of students transferring and 75% of those students completing a bachelor's degree. The college plans to focus resources strategically on key transfer areas—especially computer science, business, education, and healthcare—while making post-transfer degree attainment a clearer part of the strategic plan.

The college is strengthening transfer pathways by building direct transfer and co-enrollment agreements with key SPSCC partner institutions, redesigning the CCS (College and Career Success) curriculum to make transfer planning unavoidable, redesigning course into transfer-, workforce-, and healthcare-focused tracks, and ensuring transfer students get targeted advising, planning, and financial resource guidance. The college is also expanding transfer support through events, campus visits, and faculty mentoring students on transfer options and processes.

COMMENTS FROM INDIVIDUAL MEMBERS OF THE BOARD OF TRUSTEES None.

EXECUTIVE SESSION None.

ACTION ITEM FROM EXECUTIVE SESSION None.

ADJOURNMENT 5:58 P.M.

Judith L. Hartmann
JUDY HARTMANN, BOARD CHAIR
SOUTH PUGET SOUND COMMUNITY COLLEGE

Timothy S. Stokes
TIMOTHY STOKES, SECRETARY
SOUTH PUGET SOUND COMMUNITY COLLEGE