Wyoming Community College Commission

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Brief Summary of WCCC Sustainable Funding Workgroup Report

Established February 2020 per January 10, 2020, request of the Joint Appropriations Committee
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Sustainable Funding
Wyoming's community colleges are constantly searching for established, consistent, non-volatile funding sources which provide a level of support to sustain and build service to students and the communities the colleges support. Sustainable funding includes inclusion of external cost adjustments in order to manage multiple increasing cost factors such as inflationary pressure and increased compliance and regulations as well as other aspects related to modern operations and technology.

Governance
Wyoming's current college governance structure has evolved significantly since 1946, incorporating positive contributions by educators, administrators, and legislators. The current system as established by the legislature maintains local control and is coordinated at the state-level ensuring location-appropriate programming and economic development for students, business, and communities with capturing system-wide efficiencies and opportunities.

Changing commission and college governance structure does not address funding shortfalls.

Final Sustainable Funding Considerations with Options/Alternatives

In order to meet the statutory obligations, state's interests, legislative priorities, and foundational efforts of the WCCC, community colleges, and higher education, the following recommendations emerged from the Sustainable Funding Workgroup:

1. Sustainable Funding for community colleges is imperative for operations, programs development, facilities including major maintenance, IT, and staffing.
2. Sustainable Funding for community colleges must include provisions for external cost adjustments in order to avoid inflationary pressure and to meet compliance requirements.
3. Constitutional recognition or recognition through statutory language of the importance of community colleges as "necessary institutions" in the education pipeline would provide the community colleges state-level protections.

Funding Strategies Options/Alternatives for Legislative Consideration
The recommended Funding Strategies serve as a series of options within a **framework** to create sustainable funding mechanisms for the community college system. Prior to the Workgroup effort, the community college proportion of funding through State Aid had been eroded and cut by $53.8 million

with another $7.5 million in health insurance over the past 10 years. Due to the impacts of state budget shortfalls, the 2020 state budget cut process resulted in Step 2 cuts of an additional $22.9 million and Step 3 Governor Recommendation of an additional $9.8 million cut per biennium.

The impact is a total budget reduction since 2010 of approximately $94.0 million.

Funding Framework Considerations with Options/Alternatives Total Budget $304 million
Total Budget is recommended to total $304 million beginning 2023 comprised of General Fund State Aid of $212 million, resulting in a recapture of $30 million in General Fund as well as remedies the 2020 budget cuts, and $91.2 million funded through a combination of mill levies and sales and use taxes.

I. Total State General Fund Target 45% ($212.7 million pre-2020 budget cut)
The Funding Strategies focused on the total college general fund appropriation as distributed through State Aid. The impact would reduce the total general fund appropriation from approximately 60% down to approximately 45% state funding based on the Approved 2020 Budget using a more sustainable funding mechanism and preserving the existing allocation model as created by 2015 HB80.

II. Funding Strategies Two-Pronged Approach ($91.2 million)
Everyone in the State of Wyoming should be supporting the community college system as a State benefit. This can be achieved by combining two prongs together: prong 1 mill levy plus prong 2 proportion of 1 penny sales and use tax. Note that both prongs have the benefit of providing ECA based on prevailing economic conditions. The full report identifies options/alternatives for each prong listed below.

Prong 1: Imposing an ad valorem (property) tax in the form of some amount of mill

Imposing additional mills on all counties. The suggestion is not to single out the currently 16 untaxed counties, but rather to impose a uniform number of mills statewide. For the 16 currently untaxed counties, that would be a new base amount, for the seven currently taxed counties that would be added to the minimum 4 mills already being imposed. A 1 mill statewide levy will generate approx. $45,000,000 biennially and a 2 mill statewide levy will generate approx. $90,000,000 biennially.

Prong 2: Imposing a proportion of a new additional 1 or more penny sales and use tax

If a decision is made to impose additional mill levies, the remaining balance of the unmet revenue could be made up with a proportion of a new 1 or more penny sales and use tax. Exactly what proportion is again dependent on what a mill levy would generate. A 1 penny sales and use tax would generate approximately $323 million biennially. The Workgroup did not recommend sole consideration of a 1 penny sales and use tax given the varying and critical needs of the state. The Workgroup does suggest designating the funds for the community colleges specifically.

Options/Alternatives within Prongs 1 and 2 may be found in the full report.

Consideration of LSRA as Stopgap Measure
In addition to the possibilities listed above, the WCCC ask the Legislature to consider including a recommendation that an appropriate amount of the LSRA be used to stabilize community college funding for the 2020 enacted cuts and some portion or all of the existing deficit until the sustainable funding measures are enacted by the Legislature.