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**COMMUNITY COLLEGE SUSTAINABLE FUNDING WORKGROUP**

**MEETING MINUTES**

October 7, 2020

10:00 AM - Noon

ZOOM: <https://us02web.zoom.us/j/86266807651>

10:00 AM

I. Introduction & Roll Call

Workgroup Committee Members

Commissioner Blikre – Present  
Commissioner and Chair Freeze - Present  
Dr. Tyndall – Present  
Dr. Schaffer – Present  
Dr. Judith Bartman – Present  
Mr. Steve Degenfelder - Present  
Executive Director Sandy Caldwell - Present  
*Noted the presence of a quorum*

Higher Education Colleagues

Dr. Demaree Michelau - Present  
Dr. David Tandberg – Present

Commission Staff

Dr. Ben Moritz, Deputy Director- Present  
Larry Buchholtz, Chief Financial Officer- Present  
Paris Edeburn, Chief Technology Officer – Present  
Rob Dennis, Chief Operating Officer - Present

II. Summary and Recap August 27, 2020 workgroup meeting

Chair Freeze reviewed updates and provided the next steps. She thanked all for their focused energy and in particular the funding recommendations presented by the funding subcommittee.

Dr. Caldwell noted that prior to turning the meeting over to the facilitators she would provide a recap of the August 27, four hour meeting held in Casper. Time was spent reviewing the Foundational Efforts subcommittee lead by Dr. Ben Moritz. Michael

Swank from the Legislative Services Office reviewed the highlights from the white paper provided to the Select Committee on Community College Sustainable Funding. She noted the review of outcomes by the Common Language subcommittee. Discussion ensued about state needs and where requirements are defined in state statute and session laws for the community colleges. All discussion set the stage for the subcommittee funding workgroup. There was great recognition at the last meeting that discussion would occur about the funding strategies at the October 7<sup>th</sup> meeting.

II. Final Sub-committee reports:

Dr. Michelau introduced the subcommittees and asked for each to report out their findings and presented options.

a. Foundational Efforts [TAB A](#)

Dr. Moritz reviewed the findings from the Foundational Efforts subcommittee noting that there have been no significant changes since first submitted in August. President Devine, Dr. Moritz, and Commissioner Boal had reviewed the Omnibus Act as it related to sustainable funding. The subcommittee had a daunting task to cover the past 35 years and consolidate it into 5 pages. The report provides a solid overview of past progress. Similar concerns were brought up 35 years ago and have continued to be addressed to a greater or lesser degree over time.

Chair Freeze noted that all need to be mindful of assumptions made by others and that they may or may not be familiar with the funding and governance history of Community Colleges in Wyoming. She reiterated the need to continue to address the history.

b. Common Language and Message [TAB B](#)

Mr. Dennis noted that the Common Messages subcommittee had detailed a lengthy document at the prior August meeting. He noted the committee had narrowed down the list of messages to two pages consisting of the top seven to eight messages. Many of which are familiar including: who are the students served, the need for a sustainable funding solution, the definition of a comprehensive community college. Also noted was the lack of a constitutional mandate. Overall the list was narrowed down. Dr. Freeze suggested using the document as a great list of talking points when meeting with others outside of the workgroup. She noted further it would be great to provide a high level overview of all the costs incurred in educating students. Commissioner Blikre asked how we would develop such information. Mr. Dennis responded that it was unavailable at the time of publishing the document.

III. Finalize Sub-committee report out and discussion: State Needs [TAB C](#)

Dr. Caldwell reported on the State Needs subcommittee noting that members had done a great job condensing information. She highlighted the various statutory session laws focusing on the comprehensive nature as regional higher education centers of economic, cultural, educational, technological hubs.

She detailed the states' mission for the colleges is prescribed in statute. She further noted that there is statutory recognition of the Colleges, their existence, and importance to the state, but not constitutional recognition. The University of Wyoming and K-12 education were highlighted in the Constitution to be as "nearly free as possible". Yet when the Constitution was written, the Community Colleges did not exist. The role for the Commission includes a coordination effort which allows for local control.

She noted requirements for the system are included in and around the strategic plan. The plan provides the basis for framing state needs, budget requests, and the post-secondary educational attainment strategic plan. She added that the plans highlight a return on Community College investment and the claim of return on investment has been validated multiple times.

The subcommittee felt addressing efficiencies was important yet there remains a need to address outcomes. If costs are cut and access lowered then work on attainment is limited. She reflected a few things that have moved the state forward including those for student success in specific ways including consortia, the transfer student database, and various contracts. It is important to include sustainable funding for operations including major maintenance, IT, adequate staffing, and to provide for external cost adjustments. The erosion of the dollar does impact efficiencies. And then there is the issue of lacking a constitutional mandate noting the colleges are of critical importance in the entire educational pipeline.

The last section of the subcommittee's report talks about obligations to serve the state with continual budget cuts.

Dr. Tyndall noted the sufficiency of the documents and the need to remind folks who we are and what we do. Adding that people imagine various things about the Commissions but do not include the extensive coordination by the Commission or the number of committees and councils. Individual committees and councils may complete far more than a formal system with a big "S". It is important to list all the things we do together. But what is not needed is a new system.

Chair Freeze suggested the final paragraph needs to make clear budget cuts were made on top of years of inadequately funded programs. The Colleges are managing cuts on top of not receiving funding. Commissioner Blikre added further that funding was not adequate to start with.

Dr. Caldwell clarified that initially there was a \$53 million shortfall and with approximately \$20 million of recent cuts the shortfall has grown to about \$78 million. She also noted she received suggested language from Dr. Divine which will be included.

Chair Freeze suggested making clear the list presented is a consequence of the funding shortfall.

Dr. Michelau summarized that Dr. Caldwell will make suggested edits and turn it back to the subcommittee.

IV. Sub-committee report out and consideration of options for  
Recommendations: Funding Strategies

[TAB D](#)

Dr. Tandberg thanked all for their work and especially work done by Mr. Buchholtz to ensure the sustainable funding strategies and running various models.

Mr. Buchholtz walked through the recommendations noting the committee membership of Chair Freeze, Dr. Tandberg, Dr. Hicswa, Dr. Dale, Commissioner Frederick, and Trustee Degenfelder. He then summarized the recommendations and approach taken to land on the recommendations.

Dr. Tandberg was initially tasked to research similar community college systems to identify other funding measures in other similar states. The subcommittee looked at lottery proceeds, BOCES, mill levies, sales and use taxes. Etc. Part of the strategies were born out of the Joint Education Committee who had partially identified what taxes would be implemented as possible funding sources. The lottery does not produce enough income. Gambling is also not a viable income source. They also looked at BOCES/BOCHES but that model will also not provide the needed funding. What was left was ad valorem or property taxes, and sales and use taxes.

The subcommittee had to decide what amount of public funds would be the most viable to sustain the system. They identified that 45% of Community College system funding should be borne by the state general fund. Based on that percentage the subcommittee started the rest of their calculations. They also started with a baseline of what the budget was prior to the reduction of any fiscal period. They then took the total operational costs of the colleges and developed the necessary dollar figures. They took the total operational costs including, CAPCON, major maintenance, and then the need for 45% funding overall.

The subcommittee found that they could make up the needed money by using a two prong approach. The first prong consisted of implementing a 1 mill ad valorem, property tax statewide. The potential exists to include a maximum of 10 mills. The subcommittee does not propose changing the statute.

The second prong of the approach would be implementing an additional 1 or 2 penny sales tax. We would need 16% of what a 1 or 8% of a 2 penny tax that would generate across the state. The compliment of the penny tax could go back to the general state operating fund or into an education fund of some kind. The Community College System is not asking for everything that a one penny tax would generate. The subcommittee is not doing this as an approach to just fund the system and also recognizes that this is not the best approach to get the community colleges off the state general fund.

Based on Dr. Caldwell's earlier report, the subcommittee did not report out or model based on prior inadequate funding. To do so would require that the proposal be reworked and refined, should the committee hope to move forward with the calculations. The subcommittee included what the current state aid should be right now. A 2% major maintenance is an industry recognized structure. It includes \$40 million to administer its former capital construction major maintenance pool. Mr. Buchholtz believes there may be some better opportunities to leverage better pricing through the state construction department. The final landing place is primarily a two prong approach consisting of an ad valorem property tax increase plus a sales tax increase.

Dr. Hicswa emphasized this analysis was one of the tool box options to explore. A lot of this was brainstorming and proposing various ideas.

Commissioner Blikre asked for further explanation on attachment C. Mr. Buchholtz referred to noting that what is provided is a summary of all the operating revenue each college has in their budget out of the fiscal year. And it is documentation of what their anticipated revenue is in their budget. \$264 million dollars is required to run the community college system. \$135 million of that amount is state support. He noted the need to reduce that amount down to 45%. There is a need to give back to the state general fund \$28 million, but then there is a need to identify an alternative funding source. There is currently a \$97 million shortfall biennially.

Commissioner Blikre asked if the Committee should replace missing revenue which would include \$53.8 million as the colleges headed into the previous biennium. He further recommended including the \$53.8 million previous shortfall in the total needed amount.

Mr. Buchholtz noted that page 8 lays out the current FTE enrollment by county at each of the current community colleges. Thus modeling the potential revenue created by differential tuition across the system. The spreadsheet identifies the number of students enrolled across each college to generate \$1.8 million in differential tuition revenue thus generating funding as a temporary strategy but it should not be a permanent funding strategy recommendation. Should this happen it would start with the fall 2021 term. Considering that the colleges will take a \$23 million reduction over the biennium the funding generated from differential tuition would not even be a band aid.

Commissioner Blikre asked about differential tuition money. Providing the example of a student who might live in Goshen County would pay the same amount as one with lived in Converse County if either attended the EWC Douglas campus. Dr. Freeze clarified that all in state students pay the same in state and that currently there is no differential.

Dr. Schaffer noted he was struggling with the percentages and that the state should have a reduce obligation to fund the colleges at 45%. He asked how many states use a percentage to derive funding? He identified three relatively volatile variables and asked if other states are using percentages to drive policy and legislation.

Dr. Tandberg noted there are states with established percentages. Pennsylvania is supposed to provide one third of their funding (State, Local, and Student) to the colleges. He could do more research on where established percentages drive the outtake. What has been provided is the most recent percentage based on both formula and politics.

Dr. Schaffer asked whether or not these percentages apply equitably across to other public services across state agencies? He is concerned about getting to other areas and exploring parity. Steve Degenfelder noted he was on a call earlier and shared that the rest of those on the call had a robust conversation over use of LSRA funds. Many wanted to concentrate on future funding and some had objections to just jumping on a tax that would impact mostly the extractive industries and how that would be a difficult sale. Mr. Buchholtz pointed out the LSRA should be used to prop up the colleges during the time that it takes to implement the suggested recommendations. He further added the possibility of the LSRA happening is a wish not a reality.

Dr. Tandberg suggested that Dr. Schaffer's comments should be taken as rhetorical, and that all have highlighted something played out in other states. Most other areas within the state do not have the alternative revenue streams like higher education. Other areas do not have the revenue percentages. He added that higher education is frequently the balance wheel of state budgets. Other areas are driven by other factors. Higher education has an alternate revenue stream in tuition and local support.

Mr. Buchholtz noted a couple of other things related back to the mechanics and the formula. He asked rhetorically if the committee should move forward and receive some percentage of a one penny tax. The tax would also help with inflationary pressures. Taxes property and sales would go up and down as per inflation. Another related concern is the Expected Cost of Attendance calculation model only addresses the variable costs (40% of funding received by colleges). The variable costs and the recalibration are driven by enrollment. Fixed costs do not get adjusted annually on an inflation factor which is thus totally dependent on enrollment. There is no consideration that the costs on the fixed side of things are continuing to increase.

Dr. Schaffer, recognizing Mr. Buchholtz' point that the allocation model is way more sophisticated and fair. He noted his interpretation of HB 80 is an antiquated model and asked if all we're recommending a more future looking funding model? Mr. Buchholtz reminded all the original purpose of HB 80 which was meant to provide stable funding for the community colleges on which they could count on and budget for over a four year period. It also was meant for the legislature to come to an enrollment growth model and was originally based on 2004/2005 enrollment growth. As such the three past years are compared to three current years and readjusted the base period eliminating the need to have enrollment growth exception requests. Subsequently the fixed cost side was left out as an oversight. It will take a whole lot more analysis after recommendations are made to adjust the funding allocation model to account for fixed and variable costs. It is another consideration and the workgroup in totality should probably take as an additional recommendation on top of what the committee is proposing.

Dr. Caldwell reflected they will go back to review a couple of things and then ask for guidance from Chair Freeze including: 1) The recommendation from Commissioner Blikre regarding inclusion of the already existing deficit, 2) Address the flat dollar issue in funding to cover fixed and variable costs. She also noted the need to have the committee bring forward the next set of addressing the big hole and or the 45%.

Chair Freeze asked for opinions and suggested first talking about the shortfall and then recalculate the suggestion. Mr. Buchholtz noted recalculations is certainly something he could do quickly and provide a recommendations as to where we land with the proposals.

Commissioner Blikre noted that since we need to use this as the starting point. Further adding if we go in there based on where we are now, not inclusive of the prior funding deficit, we really haven't addressed the original sustainable funding problem. Trustee Degenfelder noted his interest was to reiterate some of the recommendations at the last subcommittee meeting.

Dr. Schaffer commented to the structured funding approach. He is struggling with ultimately the recommendations given concern about the conceptual. Should we identify a process to create that 45%, when we see tuition, local, or state shortfalls? Should we create a mechanism that creates an evaluation process that would provide us to act? He added that we may need to make recommendations about the state's funding model and asked should HB 80 address fixed and variable costs. Commissioner Blikre noted that page 7 has restricted funds. Locally there is a lot of funding going to the college campus or the colleges in that community under another group. Some are paying their local share. Dr. Freeze recognized how some other states have written up there policy's and perhaps the committee could make up some adjustments to note if they have a different funding formula as far as the ultimate recommendation. Dr. Tandberg noted he can, but he can also share what was shared a few meetings ago regarding the percentages and if the states have a specific funding formula. He could also provide information regarding state mill levy's. Dr. Shaffer noted the percentages are what they are. But what is lacking is why they are at that amount. The context of why would be helpful.

Dr. Freeze confirmed Mr. Buchholtz should add back into the formula the original shortfall. Dr. Caldwell recognized and confirmed the need for adding back the amount and will include the analysis. Dr. Freeze noted the second piece was the allocation model and HB80. She recommended addressing as separate in the report to not confuse the recommendations in the funding model. Mr. Buchholtz suggested he would do some initial analysis, and present at a future meeting and provide some other recommendations.

Mr. Buchholtz shared a model or revised version of what is in the packet. This shows that the ECA catch up has been added in \$53 million biennially, \$26 million annually. If the funding would be added to the state side of things, the state would be funding 68% of the overall costs. This is part of the initial state level budget. Initially it said we needed 16% of a one penny sales tax to maintain funding at the current budgeted level, 45% of funding. The model now suggests we need 33% of a one penny sales tax on top of what a one mill generates across the state.

Dr. Caldwell didn't want to lose the question about LSRA funding. Trustee Degenfelder had brought up the topic of using LSRA as a stopgap measure. Dr. Dale asked about the perception of dipping into the LSRA as we implement something new and was concerned about the perception of the colleges. Dr. Freeze responded that when we talk about this as a longer term view of funding, we also need to survive in the short term. The committee discussed making a public plea to offset cuts and also looking towards a short term out of district tuition discussion. Dr. Schaffer agreed with Dr. Dale, noting further the Colleges have been struggling with the revenue and with structural change in the revenue picture. COVID created a downturn as well as a long term stability solution. There needs to be a recommendation as to a short term solution such as the LSRA and need to have something with very clear recommendations.

Erin Taylor noted that WACCT has been having a similar conversation and has been working on this topic for weeks. She noted given an unstable tax structure, where minerals are not coming back it is sling shooting us into the conversation. WACCT is putting together a really good background document which provides a quick and easy ask and details various funding opportunities. The Colleges are the solution. She noted the conversation really starts with the Governor's office. Using the LSRA will be an ask of the Executive Branch. For the Legislative branch, WACCT wants to drive home that the funding mechanism is very complex. WACCT is not interested in providing percentages. The state needs to get behind and change the statewide finding mechanism similar to the Constitutional protection provided that K-12 and UW enjoy. There needs to be some sort of a statewide contribution and provide more local tools to raise revenue. They also need to look at some local statewide optional taxes. She also suggested aligning HB80 towards the needs of the workforce and discussing the reallocation model. There currently is not incentivization that aligns towards the workforce. We also need to address major maintenance and investment in student financial aid programs. WACCT is trying to look at the topic holistically and looking at other tuition options only if there are further cuts. They are reaching out to business and industry partners. All need to consider the message and how we can work together. The big issue in front of us now is funding.

Mr. Buchholtz noted that one other aspect of everything we are doing is educating the citizenry. He noted that as an average across the state we are paying seventy four mills for K-12 but the community colleges are asking for just 1 mill. It is a public awareness issue all need to tackle.

Dr. Caldwell noted what we need to talk about recommending another meeting prior to the JAC meeting in December. The subcommittee will be meeting very soon.

Meeting Adjourned 12:02 PM