

LCCC FY17 Budget Presentation

First Reading 05/11/2016

Wyoming's Revenue Story

Energy

Natural gas production down 3.1% over last year.

Oil production down 9.7%.

Rig count was 5 in February, 25 one year ago.

Coal production fell 27.7%.

Oil & gas jobs declined by 5,000.

Revenues

Sales and use tax collections lagged last year by 20.3%.

Each of the 12 industry sectors recorded year-over-year decreases.

Campbell, Converse, and Natrona counties accounted for 68.0% of the losses.

Severance tax revenue trailed last year by 33.7%.

Employment

Total nonfarm employment fell by 8,800 jobs.

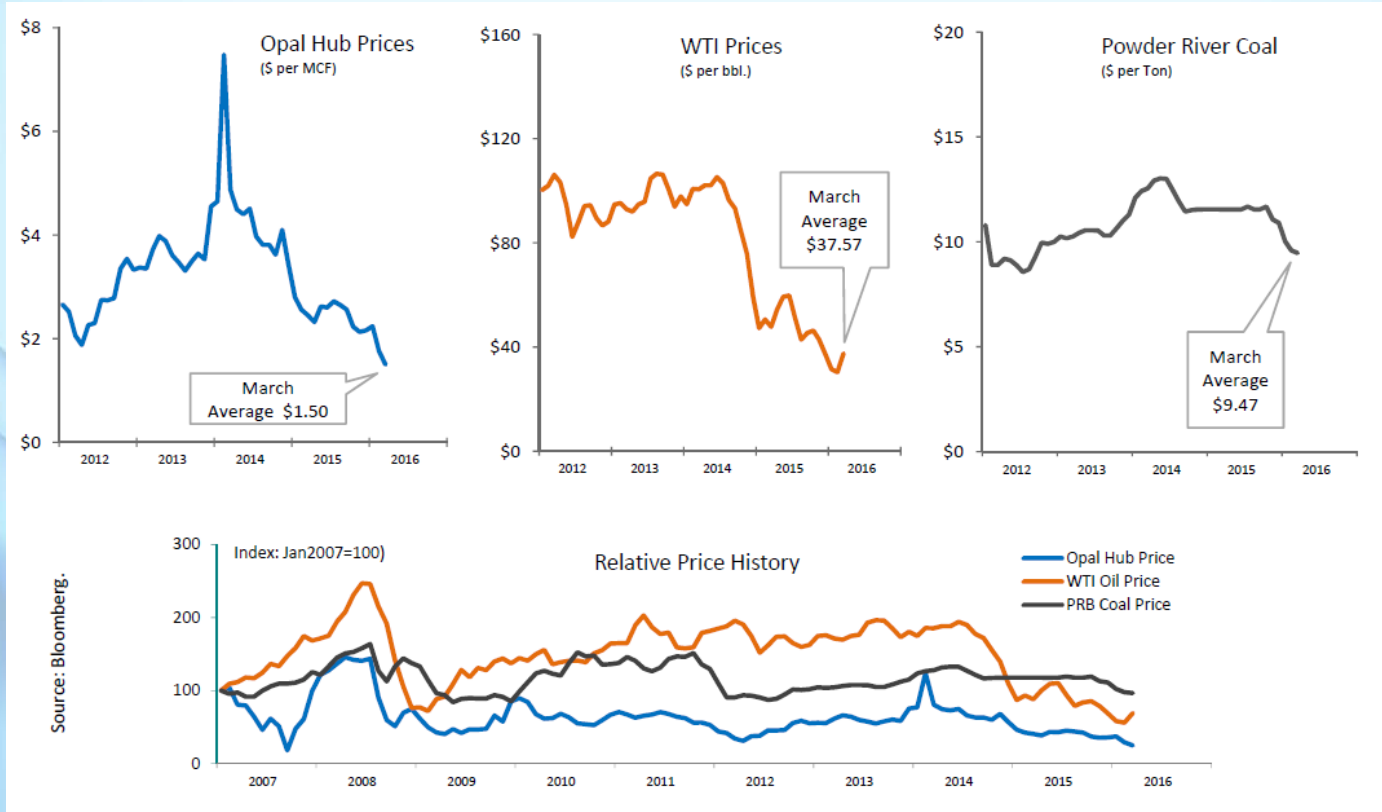
10 consecutive months of year-over-year job losses.

Unemployment rate recently climbed to 5.0%.

(Source: Wyoming Economic Analysis Division)

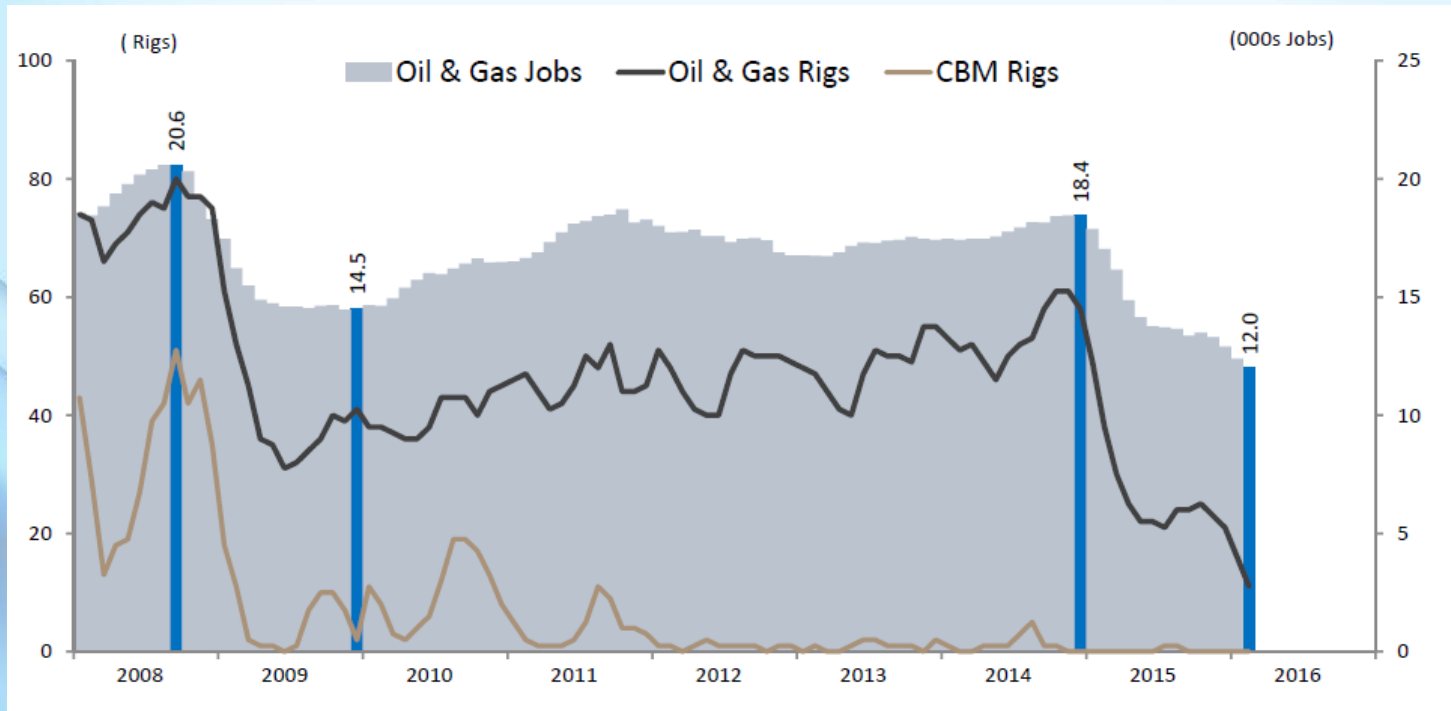
Wyoming's Revenue Story

Energy Prices & Trends



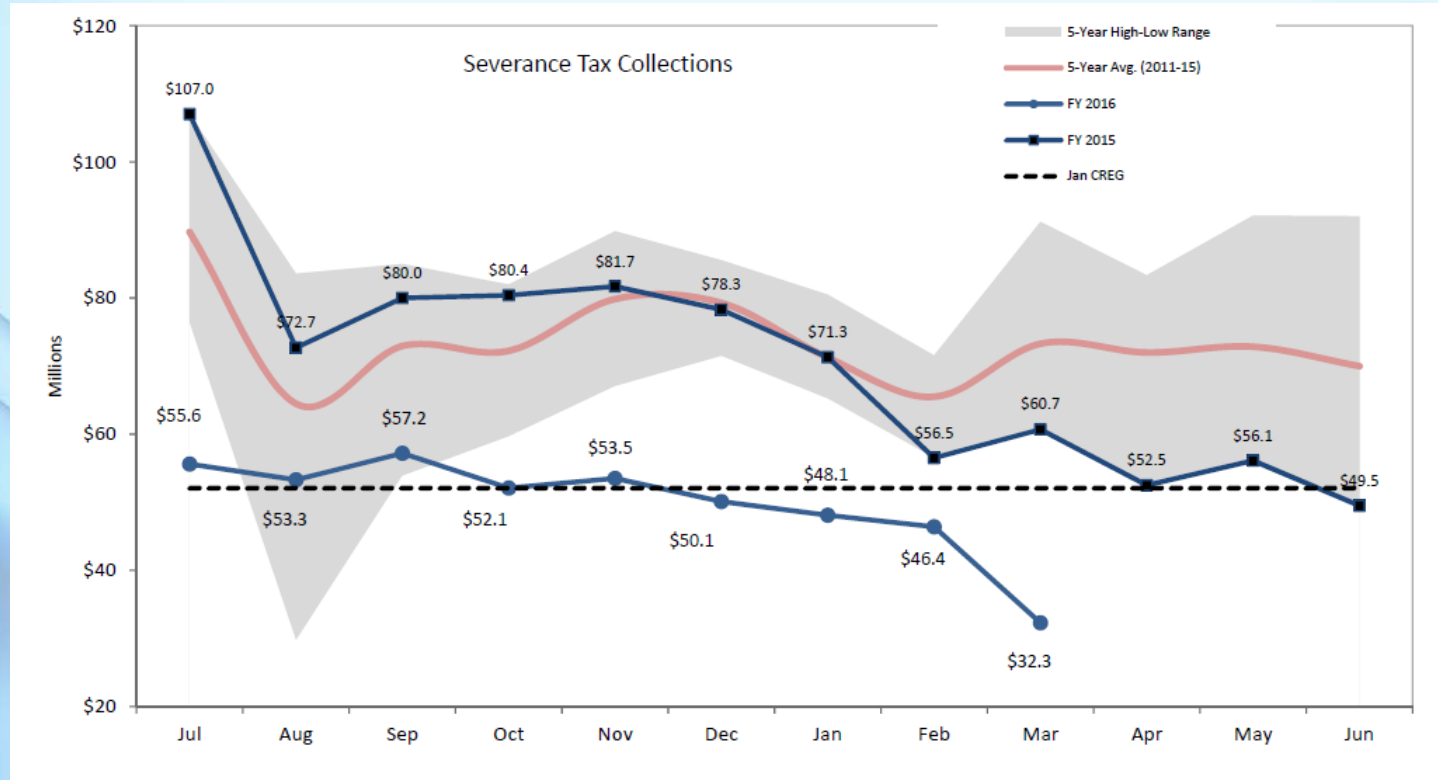
Wyoming's Revenue Story

Oil & Gas Jobs and Rig Counts



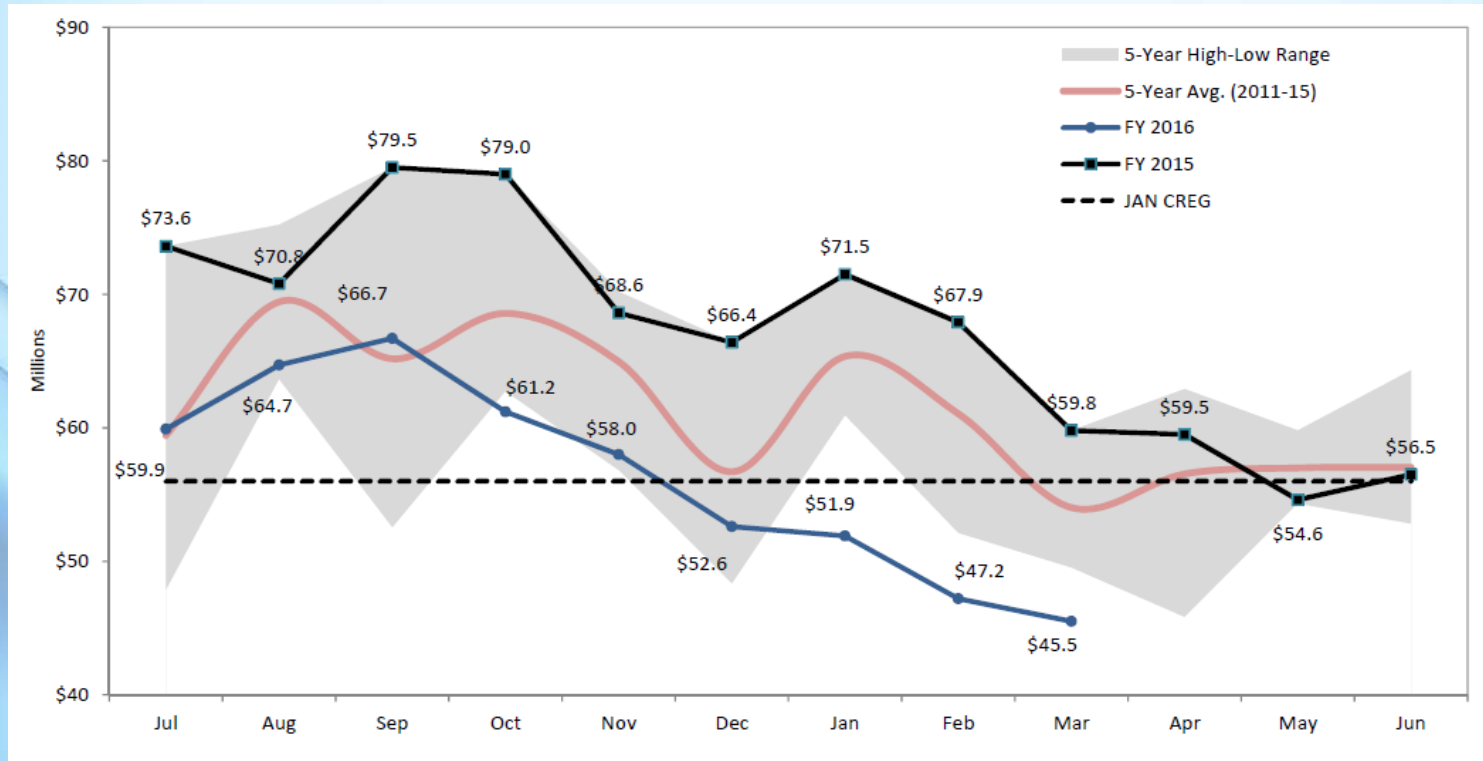
Wyoming's Revenue Story

Severance Tax Collections



Wyoming's Revenue Story

4% Sales and Use Tax Collections



Wyoming's Revenue Story

Current Result for WY Community Colleges

~ 8% reduction at the Commission level

Applies to the coming biennium (FY17 & FY18)

Where the impacts land:

State Aid Funding

Course Completion Funding

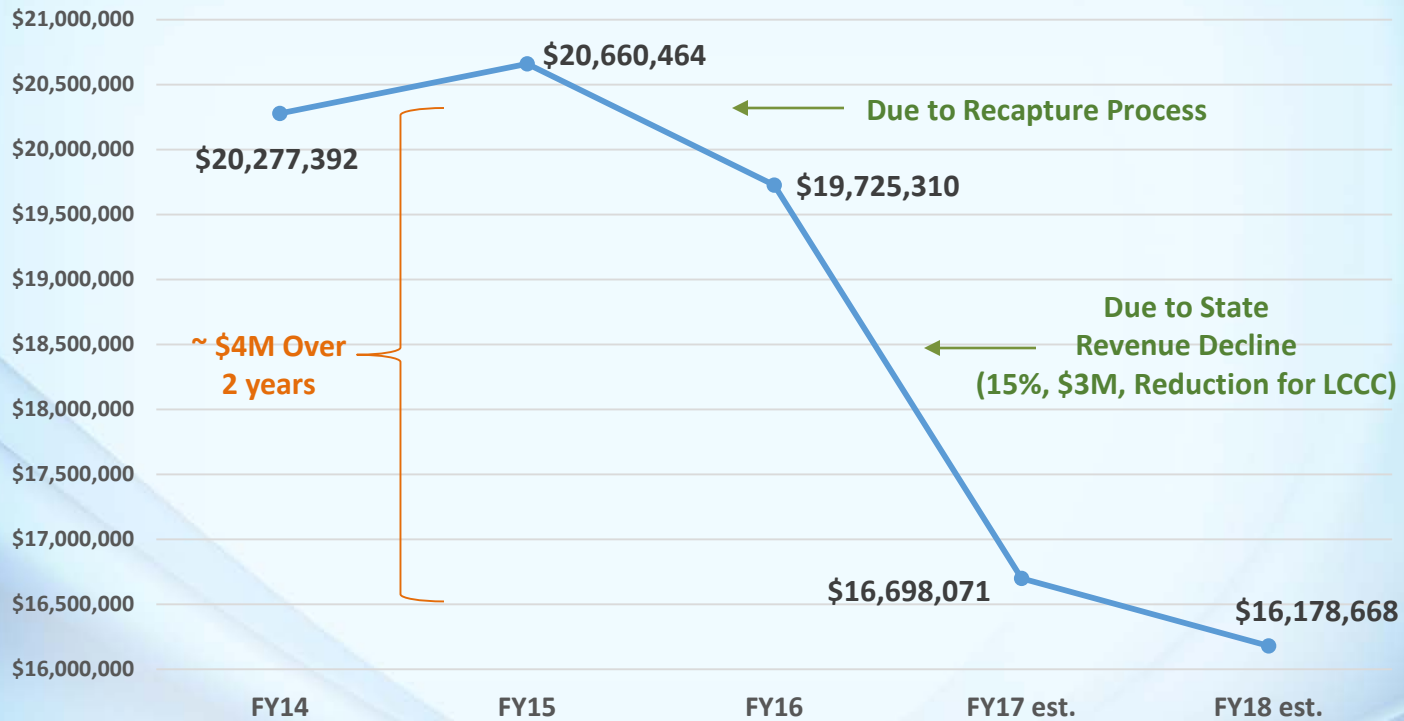
Benefit Reimbursement Funding



Revenue Sources

Current Fund

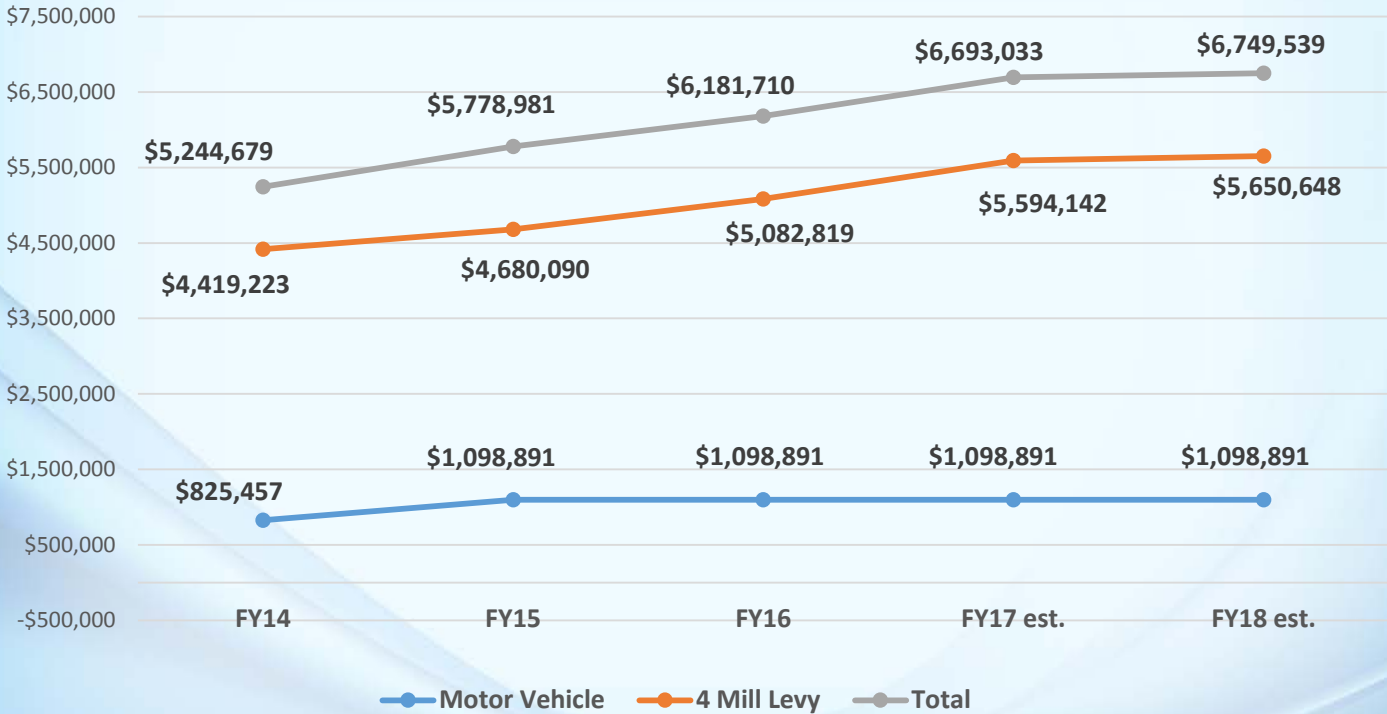
State Aid



Revenue Sources

Current Fund

Local Funds (Four Mill Levy)



Revenue Sources

Current Fund

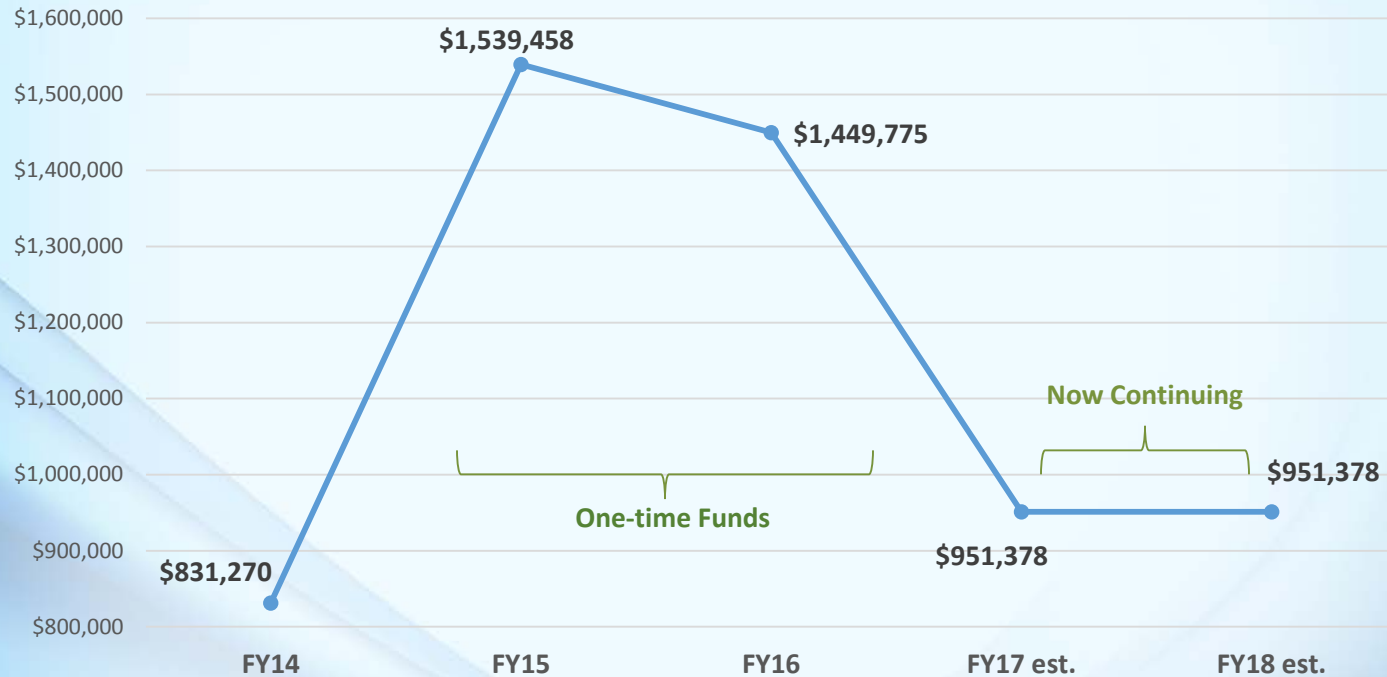
Course Completion



Revenue Sources

Current Fund

Enrollment Growth



Revenue Sources

Current Fund

Tuition



Revenue Sources

Current Fund

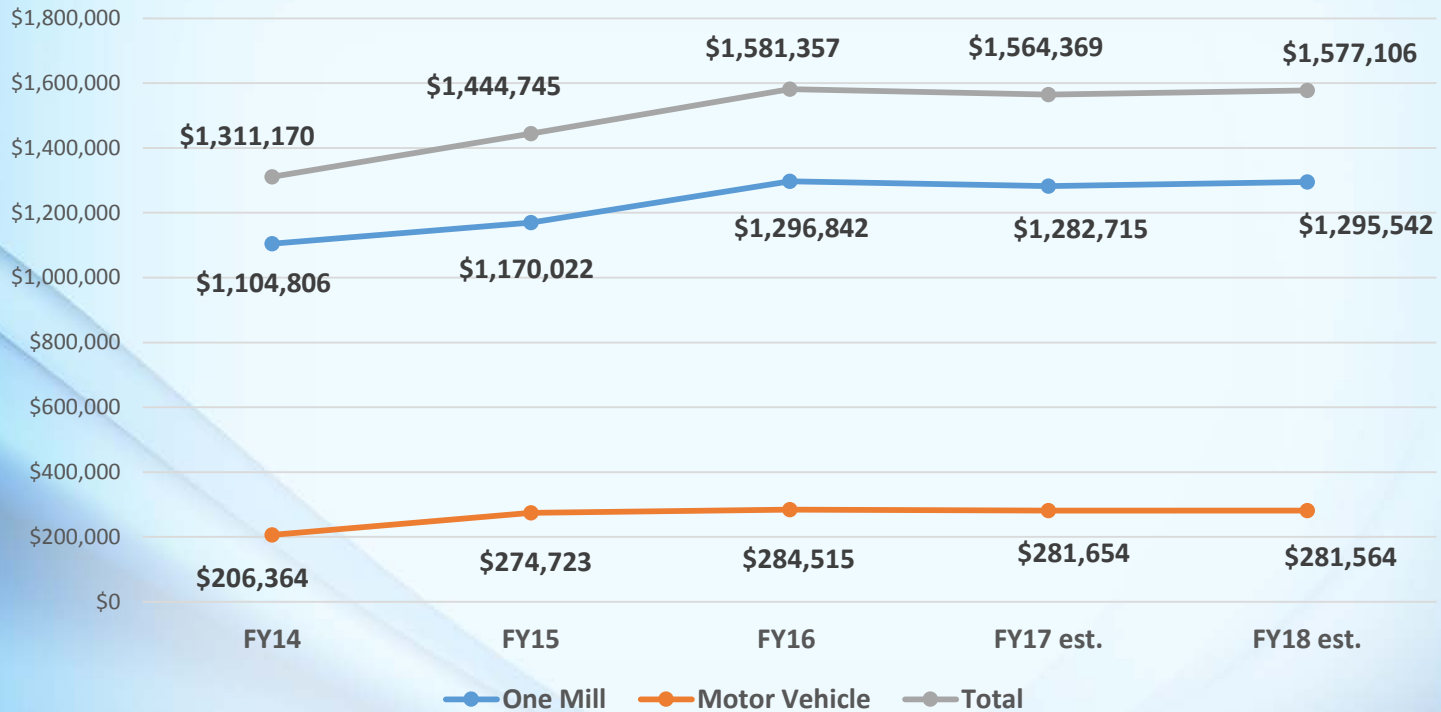
Combined (State Aid, 4 Mill, Completion, Enrollment, Tuition)



Additional Revenue

One Mill Fund

One Mill Levy



Revenue Summary

Current Fund

- State Aid will be reduced significantly
- Local revenues will be up

One Mill Fund

- Est. to increase in FY17 and FY18
- Provides temporary flexibility



FY17 Budget Development

Guiding Principles

- First, invest in what is essential
- Trim less-critical expenditures
- Temporarily utilize portion of One Mill



Original Plan

- Made Critical Investments
 - Personnel for growth and environment
 - One-time-only Investments



Essential Investments

- Compensation = \$177,137
 - Educational Advancements
 - Market Adjustments
 - Cover Employee Share of Retirement



Essential Investments

- Personnel = \$277,700
 - Physical Plant (Custodians, Grounds)
 - Faculty (Agriculture, Health, Welding)



Essential Investments

- Operating Increases = \$149,276
 - Utilities for New Buildings
 - Trustee Election Expense
 - Scholarships (result of tuition increase)
 - Relocation Costs
 - Mitigated by Budget Reductions



Original Plan

- Made Critical Investments
 - Personnel for growth and environment
 - One-time-only Investments
- Decreased Operating Expense
- Utilize One Mill Fund
 - Move ~\$575K of Ongoing Expenses
 - Only for One Year
 - Reduce Current Fund Over FY17

Allows us time to do things right, until...



State Budget Cuts

	Current Fund	One Mill Fund	Totals
Original Plan	Balanced for FY17	-\$575,000	-\$575,000
FY17 Further Reductions	-\$1.5 Million	-\$575,000	-\$2.075 Million
Est. FY18 Reductions	-\$500,000	-	-\$500,000
Total Reductions	-\$2 Million	-\$575,000	-\$2.575 Million

-\$2.575 Million for Biennium

***Current Deficit = \$1.5 Million to
Balance FY17***

Options for Responding*

1. Cut it all now

- \$1.5 million from current fund for FY17
- ~\$1 million for FY18 (\$500K current fund/\$575K from one mill)

2. Use reserves

- Use \$1.5 million to balance FY17 Budget
- Cut ~\$2.5 million for FY18 Budget

3. Cut more now, use some reserves

- Further reduce proposed FY17 expenditures
- Use some fund balance and carryover from FY16
- Less to cut for FY18 Budget

* These are broad options, with each option having varying levels of sub-options and considerations that may be included.



FY17 Budget Development

Guiding Principles v2

- First, invest in what is essential
- **Cut more** ~~Trim~~ less-critical expenditures
- Temporarily utilize portion of One Mill
- **Carry over unspent FY16 funds**
- **Stabilize through use of reserves**



Using Reserves

- **Current Fund Balance**
 - Rainy Day and/or Strategic Investments
 - \$4 Million Balance
- **FY17 Carryover**
 - Holding Spending on Remaining FY16
 - Deposit, Withdrawal ~\$400,000
- **Investment Earnings**
 - Potential to use earnings from investments



Our Recommendation

1. Cut Now: ~\$500K
2. Use Carryover: ~\$400K
3. Use Fund Balance: ~\$600K

Total = \$1.5 Million

Balanced FY17 Budget



Our Recommendation

Reductions for FY18

- Use Fall 2016 to Make Strategic Reductions
 - Develop Guiding Principles
 - Research best practices
- Target Reduction Amount = ~\$2 Million
- Buffer for Uncertainty? \$500K?



Questions?

