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## WYOMING COMMUNITY COLLEGE 2022 LEGISLATIVE PRIORITIES

### AT A GLANCE – COMMUNITY COLLEGE LEGISLATIVE PRIORITIES

- **Reinvest in comprehensive sustainable funding solutions for the Community Colleges – the engines of Wyoming’s economy.**
  - Provide parity for fixed costs.
  - Support employee compensation.
  - Incorporate a state-wide funding mechanism to mirror the state-wide services the colleges provide.
  - Allow more tools in the local toolbox for mill levies collected.
  - Incentivize desired state goals for higher education of an educated citizenry, economic diversification & development, and workforce training through the community college funding formula, HB 80. It should be adjusted to incentivize distance education, consortium programming, consolidating in programming, non-credit and apprenticeship programs, headcount rather than FTE, and external cost adjustments.
- **Support major maintenance and capital construction projects**
- **Capture one-time funding opportunities to invest in Wyoming’s future.** This includes the Wyoming Innovative Partnership programmatic needs (ARPA), an adult scholarship fund (Joint Education Committee draft bill), Community College Endowment Fund (Joint Education Committee draft bill), and continued investment in Wyoming Works (ARPA funding requests)

### NOW THE DETAILS

In 2020 both a legislative select committee and a special WCCC work group worked to provide sustainable funding recommendations for Wyoming’s Community Colleges. There has been little to no action at the executive branch or legislative level to implement any variation of the recommendations. Specifically, the WCCC work group provided a plan that would have fully funded the system, including not only State Aid, but Health Insurance, Libraries, and Retirement as well, which would have only burdened the general fund

to the tune of 45 percent of that total versus 60 percent today. The 60 percent is what is modeled, with 20 percent each coming from local mills and tuition. Another extenuating factor is the flat or declining local property valuations, which provides another important source of funding for the colleges via an ad valorem tax in those eight counties. For fiscal 2022, there is a projected decrease of 13 percent, which equates to approximately \$4 million.

In a letter dated August 2021, the WCCC asked Governor Gordon to consider an exception request in the amount of \$40 million that is comprised of two aspects of the college state aid budget.

- **Fixed costs** – An increase of \$21.2 million per biennium that provides parity in just the fixed costs, items like; utilities (electricity, water, sewer, sanitation), physical plant, contractual services, office supplies, travel expenses, equipment repairs, dues, and memberships, which have grown, even with efficiencies. This is a straight-line calculation using actual costs as a comparison between 2010 and 2019, an amount that is less than using a two percent CPI increase over this same period.
- **Employee compensation** – \$19.2 million per biennium, distributed via the funding allocation model and to be allocated by each Board of Trustees, which is the amount necessary to bring all full-time benefitted general fund employees to mid-point on the regional salary survey and provide for a 4% pay increase to all employees. This will ensure the vitality of the community college system and will allow each college to be able to be responsive to what we see as an inevitable period of growth as we emerge from this downturn in the economy and recovery from the pandemic.<sup>1</sup>

Furthermore, both the legislative select committee and the WCCC work group were charged with studying an appropriate funding structure for Wyoming's Community Colleges including state aid (which must include increases for employee compensation and fixed costs), local taxes, and student tuition, and consider creative funding opportunities. Here are some of the key drivers:

- Incorporate a state-wide funding mechanism to mirror the state-wide services the colleges provide.
- Allow more tools in the local toolbox.
- Incentivize desired state goals for higher education of an educated citizenry, economic diversification & development, and workforce training through the community college funding formula, HB 80. It should be adjusted to incentivize distance education, consortium programming, consolidating in programming, non-credit and apprenticeship programs, headcount rather than FTE, and external cost adjustments.
- Support capital construction and major maintenance funding to allow the colleges to meet the needs of industry and maintain facilities to meet the needs of students.
- Support one-time funding opportunities:
  - Wyoming Innovative Partnership programmatic needs (ARPA funding requests)

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<sup>1</sup> August 21, 2021, letter to Governor Mark Gordon from the WCCC

- Adult scholarship fund (Joint Education Committee draft bill)
- Community College Endowment Fund (Joint Education Committee draft bill)
- Wyoming Works (ARPA funding requests)

## EMPOWER THE COMMUNITY COLLEGES

The primary challenge facing Wyoming’s Community Colleges is sustainable funding. But here is the reality - the state currently contributes 51% of total funding with the state aid block grant. Student tuition contributes 27% and local mill levies contribute 22%. Budget erosion for the community colleges since 2010 amounts to \$94M. This comes at a time when the Community Colleges are part of the solution to keep the pulse of the state beating – training employees, building a competitive workforce, increasing educational attainment, and creating education opportunity for thousands of people statewide. **If this is what the Wyoming Legislature expects from the Community Colleges, a corresponding commitment to fund those expectations would be appropriate.**

Sustainable funding options (see the attached matrix for more considerations):

- Since the colleges serve all 23 counties, any future sustainable funding for the Wyoming Community College system should include a state-wide revenue component.
- The Legislature should empower the Community Colleges with more tools in the local funding “toolbox.” This would empower the state to drive more contributions from community college economies, which are inherently local.
- A funding formula for the future should incentivize the colleges to meet the needs and wants of the state (i.e., incentives for colleges to work together to reduce programmatic costs, financial reward for programming consortiums, delivery of distance education, development of non-credit, industry specific programs and apprenticeships).

## CONTINUED INVESTMENT IN CAPITAL CONSTRUCTION AND MAJOR MAINTENANCE

WACCT encourages continued investment in the capital facilities and major maintenance funding to ensure the safety, currency, and relevancy of the colleges’ physical campuses.

- **Revenue replacement funds through ARPA are available for capital construction projects.** Those include the following projects for the community colleges:
  - CWC – Jackson Outreach Center
  - NWC Student Center
  - WWCC Nursing Facility
  - NWCCD – Center for Technology and Applied Science

- **The Colleges also stress the importance of the other community college projects – there are significant impacts of delaying the process for these projects.**
  - “Cost of delay” – something with which we are all familiar in Wyoming. This is true for potholes, highway maintenance, as well as capital projects.
  - The rigorous 13-point evaluation process of the Wyoming Community College Commission and the prioritization from the State Building Commission address the critical infrastructure failures and needs of the colleges. This is a cost-effective year-over-year process.
  - The colleges are already committed to securing donations and other sources for funding one-half the cost of the construction projects. For the larger projects this means that those communities and donors are already stretched financially.
  - Community College capital construction projects provide a major stimulus to an aching economy.

## CREATE AN ADULT FINANCIAL AID PROGRAM

As with the last several years, WACCT continues to encourage the state Legislature to establish a state-level, adult-focused financial aid program that provides financial assistance adequate to encourage adults to enroll in/return to colleges to earn high-value postsecondary credentials. **Encouragingly, the Joint Education Committee overwhelmingly passed a bill to stand up an endowment to do just that.** The bill currently does not have significant appropriations included, as the Committee felt that the January CREG and ARPA fund updates must be part of the conversation.

- UW, the Wyoming Community College Commission, ENDOW and by executive order, the State of Wyoming have formally adopted higher education attainment goals.
- Higher education attainment levels are directly correlated to economic productivity and will be even more so in the future.
- If Wyoming high schools graduated every senior in the state, and if Wyoming had the highest college-going rate in the nation, the numbers would still not be sufficient to reach the higher education attainment goals.
- Therefore, Wyoming must re-engage working adults already committed to living here and encourage them to earn a post-secondary credential.
- According to the Lumina Foundation, Wyoming has 87,034 working-aged adults with just a high school diploma and 56,149 with some college, but no credential.
- Wyoming could meet the attainment goal if the colleges could help just 40 percent of these individuals earn a post-secondary credential.
- It is difficult for working adults to leave the labor force to pursue higher education because of life commitments and financial obligations.
- With Hathaway focused on traditional-age students, the addition of an adult-focused scholarship program is a natural counterpart to serve all Wyomingites' pursuit of higher education.

## WHAT IS THE RETURN ON INVESTMENT FROM THE COMMUNITY COLLEGES?

- Wyoming’s Community College system was ranked #1 in the nation according to a recent report from WalletHub in 2020, with 5 of the 7 Wyoming colleges ranked in the top 35 of 650 colleges.<sup>2</sup> The ranking in 2021 fell to #2 in the nation due to decreased budgets and state aid contributions.
- Wyoming’s Community Colleges add \$1.1B in added income to the Wyoming economy.<sup>3</sup>
  - For every \$1 spent:
    - Students - \$3.70 gained in lifetime earnings
    - Taxpayers - \$1.40 gained in added state revenues and social savings
    - Society - \$4.90 gained in added taxes and public sector savings

## RED HERRINGS

### A GOVERNANCE SOLUTION WILL NOT SOLVE A FUNDING PROBLEM

- Community Colleges in Wyoming locally service our local communities. Taking governance by locally elected trustees away takes the “community” out of community colleges.
- Wyoming’s community college system is unique in that our community colleges are not as urban as others across the country. Indeed, all 23 counties benefit from the services of the seven community colleges and the service territories are very rural. In Wyoming, the colleges serve as the cultural and community hubs of their communities.
- Advocates who support system consolidation typically do so for two main reasons:
  - To save money. The idea is that there may be duplication of efforts across schools that can be reduced by centralizing some administrative functions, which many already are accomplished by collaborative partnerships with UW.
  - To ease student transfer and improve student success. The reasoning is that it should be easier to enroll and transfer between schools within a single system than between independent colleges. (*In Wyoming, the WCCC coordinates student transfer with UW and we have made great progress in the last few years.*)
- Empirical studies show that it is not clear that system consolidation actually leads to improved student success and reduced costs. Other possible downsides of system consolidation include<sup>4</sup>:
  - Loss of local governance.

<sup>2</sup> <https://wallethub.com/edu/e/best-worst-community-colleges/15076/?fbclid=IwAR05TyZ-FLpD6n8mll3FaxU4kOfKT8FjsAn1IsLw9ZcvK5cep6XJIX9bhY>

<sup>3</sup> The Economic Value of Wyoming Community Colleges, March 2016, 2016, Economic Modeling Specialists Intl.

<sup>4</sup> <https://drive.google.com/file/d/12zb0ZPhFtJENJu7YZf4mlkluBYasyZjx/view>, <https://drive.google.com/file/d/1AKKRQGBpPhzapUCy7zUckn1isYfAiSCJ/view>, <https://drive.google.com/file/d/1IF2pWZ9FXzwsXHC2XEKJjci00KAGEEoU/view>

- Loss of the community colleges' ability to nimbly meet local needs and maintain their local character
- Loss of community college emphasis on serving the community through non-credit programming, workforce development, and other important non-academic community needs.
- Increased state-level bureaucracy.
- System consolidation is typically highly politically controversial and may distract from other issues that are important to colleges.

### ONLINE PROGRAMMING DOES NOT SAVE MONEY

Moving to online programming for non-CTE programming in the name of saving money is not based on data or research.

According to a July 2020 article by the Brookings Institute<sup>5</sup>, there are three takeaways for leaders and policymakers to consider:

1. Recent and ongoing increases in online coursework are unlikely to lead to substantial cost savings for institutions.
2. Institutions will need to offer more student support services such as tutoring, mentoring, mental health services, and these supports will likely make online instruction even more costly.
3. The recent mass move to online instruction across the country highlighted deep inequities in online access and supplementary supports, as well as facets of education that cannot be easily recast into an online format such as diesel mechanics that need the equipment and tools to learn their trade or students in healthcare, like most professions, need hands-on learning to meet the challenges of their job.

## BACKGROUND INFORMATION

### FUNDING THE COLLEGES – HISTORY AND IMPACT OF BUDGET CUTS

- The Community Colleges are unprotected in the Wyoming Constitution. K12 is guaranteed revenues for an adequate and equitable education for all Wyoming students and UW to keep their education as free as possible. The Community Colleges are not afforded a similar constitutional guarantee.
- Approximately 51% of funding for Wyoming's Community Colleges currently comes from direct State appropriations (*This does not include health insurance, capital construction*). By design that number is supposed to be closer to 60%. Student tuition and local mills are designed to amount to 20% each, but tuition is closer to 27% and local mills are 22%.
- Budget erosion since 2010 amounts to \$94 million:

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<sup>5</sup> <https://www.brookings.edu/blog/brown-center-chalkboard/2020/07/28/why-the-move-to-online-instruction-wont-reduce-college-costs/>

- General Fund appropriations funding loss as of January 2020: \$61.3 million – Due to lack of external cost adjustments and prior cuts.
- 2020 budget reduction Step 2 and Step 3 equals \$32.7 million cut
- History of State Aid Appropriations:
  - BFY11 - \$191.9 million
  - BFY13 - \$188.9 million
  - BFY15 - \$193.3 million
  - BFY17 - \$176.8 million (\$14.2 million reduction penny plan and Governor’s budget cut)
  - BFY19 - \$176.2 million (\$0.6 million reduction retiree health insurance)
  - BFY21 - \$156.2 million (\$27.5 million Step 2 and Step 3 reductions)
  - BFY23 - \$147.0 million (\$4.9 million biennialization of Step 3 and \$4.3 million recalibration)
- Wyoming’s community college tuition has nearly doubled in the last ten years.<sup>6</sup>

### COMMUNITY COLLEGES – WYOMING’S BEST HOPE FOR THE FUTURE, AND “WHY IT MATTERS”

- Wyoming’s Community Colleges want to not only be good collaborators and do our part in addressing the current budget crisis, but also desire to be significant partners in implementing future economic development plans for the state.
- Community Colleges “comprehensively” serve our communities. In Wyoming, our community colleges are truly comprehensive. Not only do the colleges provide for-credit classes, but they also do all the community programming, economic development, and non-credit activities, have residence halls, sports teams, restaurants, theaters, museums, etc. It is impossible to compare a community college in another state – it is apples to oranges. Why? They need to remain competitive, maintain quality programs, and bring value to their communities they serve.
- The majority of community college students are “part time, employed and older and are “place-bound”. They cannot simply pack up and move to another town for college. They have car payments, children, a job, a family, and they cannot leave.
- Local communities need replication of programming. The fundamental design of community college for-credit programs is based on local advisory committees around which we design and place our students. Each community needs these programs.
- Community Colleges are the “hubs” of our Wyoming communities by providing high school equivalency, English as a second language, and other courses to help develop our communities. They are also the hubs for dual and concurrent enrollment for high school students, saving families thousands of dollars.

<sup>6</sup> WICHE Tuition and Fees in the West, 2019, <https://www.wiche.edu/pub/tf>

## COMMUNITY COLLEGE GOVERNANCE – HOW IT WORKS

Over the years, the Wyoming Legislature has asked the Community Colleges to meet attainment goals, build workforce programs, offer financial aid packages to adult learners, work with K12 and UW to build pathways, and the list goes on. Local industries have asked the colleges to train their workforce and build high-demand programs. This is accomplished through the current governance system of **locally elected Boards of Trustees** coordinated by the **Wyoming Community College Commission (WCCC) and this system works well for Wyoming**. It is a system that maintains local control and is coordinated at the state level and ensures location-appropriate programming and economic development for students and businesses while capturing system-wide efficiencies and opportunities.

The Wyoming Community College System mission includes:

- Increasing attainment levels across the State of Wyoming
- Serving business and industry by producing employable graduates with well-rounded skills
- Partnering with K12 and UW to strengthen pathways to careers relevant to Wyoming's economy
- Enhance living in our State by offering cultural and accessible lifelong learning opportunities for all citizens

Each part of this task will look different, as community and regional needs vary. Community colleges have long been known for being flexible, responsive, and innovative. This is due in large part to the local control afforded by our current system.

Coordination at the state level provides for added assurances, and cost-saving efficiencies and opportunities. The Wyoming Community College Commission:

- Coordinates and aligns the colleges with statewide priorities, through a college systemwide strategic plan
- Coordinates the collection and dissemination of all student and fiscal data
- Allocates state funding through an approved allocation formula
- Coordinates articulation and student success initiatives with UW
- Coordinates councils for the seven presidents, academic councils, student affairs councils, etc. to ensure consistency and efficiency and to take advantage of economies of scale.
- Identifies and organizes cost-saving and efficiency measures via common software and hardware solutions
- Identifies and organizes new initiatives (e.g., student attainment) and grant opportunities (e.g., Wyoming Works)
- Approves new academic programs and degrees and reviews existing ones
- Provides many general services so that each individual college does not have to duplicate that work.



### SUSTAINABLE FUNDING OPTIONS MATRIX

Option	Description	Fiscal Impact	Authority	PROS	CONS
Increase Permissive One Mill Levy to Two	Statute currently allows the Board of Trustees of a Community College District to levy an additional one mill on the district's property taxes. This must be considered and approved every two years. All seven community colleges have this millage in place. Through statute change, this could be moved to a maximum of two mills.	\$15.7M	Boards of Trustees (with statutory change)	<ul style="list-style-type: none"> <li>Allows districts to raise funds as necessary</li> <li>Colleges can respond directly to local industry needs</li> </ul>	<ul style="list-style-type: none"> <li>Some localities may not have an appetite for increased mil levies</li> <li>Not all districts' mil values are created equally</li> <li>The role of a CC trustee might become more politicized</li> </ul>
Out of District Tuition Differential or increase tuition in general	Allow "out of district" tuition (charge a higher fee to students who come from one of the 16 non-taxing counties, or out of state.	Tuition increase (\$109) = \$31M Out of district (varies) ~\$20M-\$15M	Wyoming Community College Commission	<ul style="list-style-type: none"> <li>Fairer to in-district resident who are paying for services</li> <li>A good compromise to out of district residents paying a mil levy</li> <li>Only those enrolled pay rather than all county residents</li> <li>Targets those utilizing the services of the college</li> </ul>	<ul style="list-style-type: none"> <li>Expectation of services in service districts may increase if students are paying more for classes</li> <li>Likely insufficient to solve the funding issues alone.</li> </ul>
Non-District counties impose 1 mill	There are 15 Wyoming counties who are not part of a community college district, and as such are not providing any tax support to fund the colleges. This option would impose a 1 mill levy on these counties.	\$11.5M	State Legislature	<ul style="list-style-type: none"> <li>Fairer to current district resident who are paying mil levy currently</li> <li>All counties pay instead of just seven</li> <li>If residents in other counties are paying for services perhaps for services perhaps, they will be encouraged to take advantage of them</li> <li>CCs serve all 23 counties – all 23 counties could pay</li> </ul>	<ul style="list-style-type: none"> <li>May not raise enough revenue alone</li> <li>May create unrealistic expectations of service in those counties</li> <li>May inflate local politics</li> <li>Legislature would have to pass unless it could be an option to do it as a voter referendum</li> <li>Industry will bear more of the burden of the tax</li> </ul>
Non-District counties impose 2 mills	Same as above, although this option would impose 2 mills on the counties.	\$23M	State Legislature	<ul style="list-style-type: none"> <li>Fairer to current district resident who are paying mil levy currently</li> <li>All counties pay instead of just seven</li> <li>If residents in other counties are paying for services perhaps for services perhaps, they will be encouraged to take advantage of them</li> <li>CCs serve all 23 counties – all 23 counties could pay</li> </ul>	<ul style="list-style-type: none"> <li>May not raise enough revenue alone</li> <li>May create unrealistic expectations of service in those counties</li> <li>May inflate local politics</li> <li>Legislature would have to pass unless it could be an option to do it as a voter referendum</li> <li>Industry will bear more of the burden of the tax</li> </ul>

Removing the 4-year limitation on the additional 5 mills	State statute allows for each community college district to levy up to an additional five mills on the assessed valuation of the district. This must be approved by the voters of the district and may only exist for a total of four years. This option would change that statute to allow these additional mills to remain in effect for up to 10 years, providing better stability with the funding stream.	Each mil is worth approximately \$7M  Currently the 4 mills for operations and additional one mil equates to \$35M in the seven taxing counties (Campbell County not yet set)	Voters in a CC District (with statutory change)	<ul style="list-style-type: none"> <li>• Provides funding stability</li> <li>• Only up every ten years</li> <li>• Revenue option would not require legislative approval</li> <li>• Gives more tools in the "toolbox" for local approval</li> </ul>	<ul style="list-style-type: none"> <li>• Not all tax districts are created equally</li> <li>• Implications of local community not approving</li> <li>• Could create inequities among the districts</li> </ul>
1% sales and use tax	This option would impose, by act of the Legislature, a one percent "stabilization" sales and use tax on the 23 Wyoming counties. The tax would only go into effect when certain revenue metrics are hit, resulting in reduced capacity for the state to adequately fund the community colleges. When those revenues would increase back to the predetermined threshold, this tax would be removed.	An additional 1% S&U tax could generate \$140M per year to state general fund and \$63M to locals	State Legislature (through statutory change)	<ul style="list-style-type: none"> <li>• Allows removal when revenue thresholds are met</li> <li>• Could provide sufficient funding</li> <li>• Allows for long-term planning and hiring</li> <li>• Sufficient funding for program development and other dire college needs</li> <li>• Is a state-wide funding option</li> </ul>	<ul style="list-style-type: none"> <li>• Must be approved by the legislature</li> <li>• Risks state appropriations being reduced further</li> <li>• Sales tax is regressive, would hurt low-income residents more</li> </ul>
Allow an additional local option sales and use tax to be used for community college funding or modify current economic development optional tax to be used for workforce programming	An optional "8 <sup>th</sup> penny" or modify current economic development optional tax	Would vary by locality	State Legislature	<ul style="list-style-type: none"> <li>• Allows the college to embark on a local campaign to meet local workforce needs</li> </ul>	<ul style="list-style-type: none"> <li>• May compete with other local optional sales taxes</li> <li>• Local economic development may not want to share or give up those funds.</li> </ul>
Statewide mill levy on all levels of assessment	All 23 counties impose a certain number of mill levies to fund all of the colleges	\$45M biennially	State Legislature	<ul style="list-style-type: none"> <li>• CCs serve all 23 counties – all 23 counties pay</li> <li>• Property tax is a broad-based tax and is not regressive</li> </ul>	<ul style="list-style-type: none"> <li>• Would increase property taxes for extractive industries – a sector that is currently in upset</li> </ul>
Align HB80 (the current funding allocation for the Community Colleges) to current state workforce needs.	Adjust HB 80 to incentivize distance education, consortium programming, consolidating in programming, non-credit and apprenticeship programs, headcount, and external cost adjustments.	Allocation adjustments would vary by institution.	State Legislature	<ul style="list-style-type: none"> <li>• Would more closely align programming with needs and incentivize the colleges to meet those needs</li> </ul>	<ul style="list-style-type: none"> <li>• Is not a long-term solution for sustainable funding</li> </ul>
Reduce state aid from approximately 51%.		\$200,307,429/ biennium to ?	State Legislature	<ul style="list-style-type: none"> <li>• Reduces reliance on the general fund</li> </ul>	<ul style="list-style-type: none"> <li>• Augments the need for additional funding sources and/or flexibility for local funding options</li> </ul>