



Description of the financial deficiency

President Laurie Nichols

June 16, 2016

To comply with UW Regulation 6-41, paragraph IV.D, this serves as the description of the anticipated financial deficiency expected during the current fiscal year and the University's financial prospects for the two succeeding fiscal years.

The current fiscal year, FY 2016, will be complete within the next several days. No financial deficiency is anticipated during FY 2016 as regards the budget that was approved by the Board of Trustees. However, the state aid portion of the University's block grant was reduced on annual basis by \$11.7 million as compared with the appropriations for the FY 2013-2014 biennium. Thus, the University began the FY 2015-2016 biennium with a reduction to its State Aid funding.

The 2016 state appropriations bill made further reductions to State Aid for the University in its 067 state budget through what is commonly referred to as the "Penny Plan." On May 11, 2016, the Governor directed the total appropriation for the FY 2017-2018 biennium for the University be further reduced by \$35 million.

The state's Consensus Revenue Estimating Group (CREG) is responsible for issuing state revenue projections. Typically, that occurs in October 2016. The Governor will use CREG projections in developing his budget recommendation to the Legislature which is required by law to be submitted on December 1, 2016. These projections will be updated in January 2017, as the 2017 General Session of the Wyoming Legislature convenes. The CREG's April 22, 2016, letter underscores the difficulties ahead for the State of Wyoming's revenue picture. As the University acts, we must be mindful that the likelihood of substantial additional state funding is remote, and additional reductions are certainly possible.

The University's Section I budget funds our day-to-day operations. Roughly 70 percent of those funds are from state appropriations, with 23 percent from tuition. State funding constitutes three times the amount UW receives from tuition revenues. The University will undertake a variety of initiatives to generate more revenue, but those will take time to implement. The reduction in state revenue is immediate.