

*The University of Wyoming
Board of Trustees' Report
August 24, 2016 – Trustees Conference Call*

**ATTACHMENT 1
8-22-16**

AGENDA ITEM TITLE: 2017-2018 Biennium Supplemental Budget Request, Mai

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Committee of the Whole (Consent Agenda)

BACKGROUND AND POLICY CONTEXT OF ISSUE:

The University of Wyoming is required to submit the 2017-2018 biennium supplemental budget request to the Budget Division of the Department of Administration and Information on August 31, 2016. Board of Trustees' approval of the budget request is required prior to submittal.

University of Wyoming Board of Trustee approval is needed for the University of Wyoming (Agency 067) and UW Medical Education (Agency 167) budget requests. Detail about the Wyoming WICHE budget request (Agency 069) discussed here is only informational, as the Wyoming WICHE board approves any budget requests associated with the WICHE program.

Per the *Instructions for Preparing and Submitting Supplemental Budget Requests, 2017-2018 Biennium*, issued in July 2016 by the Wyoming Administration and Information Department, Budget Division, narratives with a brief description of budget reduction recommended by the Governor and the associated consequences are to be included in the submission (page 10).

Agency 067 – University of Wyoming

The following summarizes the 2017-2018 biennium supplemental budget request for Agency 067 - University of Wyoming. The two exception requests focus on the operating budget; there are no requests for capital construction.

Priority #1: Unconventional Oil and Gas Reservoirs Matching Funds- Language Only

Additional funding requested is \$0; request focuses on footnote language only.

The university proposes to amend language in the 2016 Session Laws, Chapter 31, Senate Enrolled Act 19, Section 067, Footnote 7. This act provides \$10,350,000 General Fund appropriation for the Endowment Challenge Fund Program and for matching funds for entrepreneurship, water management for the future, and School of Energy Resources or College of Engineering and Applied Science initiatives.

Of the \$10,350,000 already appropriated for the 2017-2018 biennium, the university requests to use \$5,000,000, upon matching, for the purpose of research on unconventional oil and gas reservoirs. This funding would be directed to the State Treasurer for deposit into an account created in 2015 Wyoming Session Laws, Chapter 142, Section 345 (g). Match funds would be distributed to the University of Wyoming on a quarterly basis for research related to unconventional oil and gas reservoirs pursuant to agreements between the university and private or non-Wyoming public entities. UW would provide quarterly reports of funding received.

Under these agreements, non-state funding must be received by the university, then appropriated state funds would be available to the university for expenditure. Under this proposal, this funding would be expendable; the existing appropriation can only be used to create an endowment.

The remaining \$5,350,000 original appropriation would be available for the purposes specified. Unexpended, unobligated appropriations for this purpose would not revert until June 30, 2020.

Priority #2: \$475,000 One-time General Fund Appropriation

It is critical to Wyoming's future that more students pursue post-secondary education upon graduation from high school; therefore, the university is developing a strategic enrollment management program. Integral to the program is analyzing and expanding recruitment of new freshmen and transfer students so that UW can identify, recruit, and enroll a majority of Wyoming students, complimented by out-of-state students so as to reach enrollment capacity. UW needs external expertise to guide university-wide recruiting efforts. The student recruiting program will address how to identify best fit students to UW that should be actively recruited. Given budget reductions, funding is not available from the university's block grant for this purpose.

Requested funding will be used for an independent analysis of demographic markets, associated recruiting strategies, and enrollment targets including institutional capacity (\$125,000) and first-year implementation of the expanded, leading-edge recruiting program including expanding social media, travel to high schools and community colleges, marketing, summer and special events for high achieving students, high school counselors and community college advisors and other critical yield-building recommendations from the consultant (\$350,000).

Details of the proposed program will be recommended by the President of the university and approved by the Board of Trustees. Implementation of the strategic enrollment management program would begin on July 1, 2017. The President of the university would report to the Legislature on program results and recommendations by August 2018.

Agency 167 – UW Medical Education

Priority #1: \$350,000 One-time Clinic Income- 340B Pharmacy Remodel Request

As a component clinical site of the Educational Health Center of Wyoming (EHCW), an FQHC a look-alike (US Health Resources Services Administration (HRSA) designation), the University of Wyoming Family Medicine Residency Program (UWFMRP – Cheyenne) is eligible to establish a 340B pharmacy service for its patients. HRSA has established these programs in FQHCs to accomplish more accessible and lower cost medication for the patients of FQHCs with a secondary

benefit of additional revenues to the health center. The EHCW's experience with 340B services at the Casper residency site has shown that it can be a self-sustaining successful contractual program.

This request is for an increase in spending authority of \$350,000 for the purpose of remodeling the UWFMRP–Cheyenne building to accommodate an onsite pharmacy in order to contractually operate a 340B pharmacy program on site. No additional funding from the Wyoming legislature is being requested for this project.

Both the UWFMRP – Casper and the UWFMRP – Cheyenne have been charged by the Governor to increase their access to non-state revenue. The 340B pharmacy operating in the UWFMRP – Casper has proven successful in providing an income source separate from state funding. It is expected that a similar pharmacy arrangement at the UWFMRP- Cheyenne clinic will be a successful way to increase non-state revenue to the UWFMRP – Cheyenne.

The offering of a 340B pharmacy at the UWFMRP – Cheyenne is an enhancement in client services and is expected to increase the number of patients who visit the Cheyenne clinic. In this manner, the pharmacy will bring increased revenue to the Cheyenne clinic through, not only pharmacy services, but increased patient visits.

An onsite pharmacy has been shown, through medical research data, to improve the number of prescriptions that are actually filled in comparison to off-site pharmacies. By allowing the UWFMRP- Cheyenne to invest its clinic revenue to remodel existing space, there will be an increase in revenue from clinical operations at UWFMRP – Cheyenne. Furthermore, the clinic currently has financial reserves accumulated to pay for the estimated costs of the remodeling.

Agency 069 – WICHE

There are no exception budget requests for Agency 069, WICHE.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

August 2016, Board of Trustees' Retreat, Saratoga, Wyoming.

Agency 067 – University of Wyoming Priority #1 has been approved by the Board of Trustees.

WHY THIS ITEM IS BEFORE THE BOARD:

The Trustees of the University of Wyoming, a constitutional body, are responsible for the "management of the university: (Wyoming Constitution, Article 7, 17).

The Board's approval of the operating budget request is required by Trustee Regulations and UW budget procedures.

ARGUMENTS IN SUPPORT:

The operating budget request advances the University's highest priority needs. The elements of the request have been discussed with the Vice Presidents. The draft request was discussed by the Board of Trustees Budget Committee and the Board of Trustees at their retreat in August 2016.

ARGUMENTS AGAINST:

None.

ACTION REQUIRED AT THIS BOARD MEETING:

Approval of the 2017-2018 biennium supplemental budget request for the University of Wyoming (Agency 067) and UW-Medical Education (Agency 167), as described in this item.

PRESIDENT'S RECOMMENDATION:

The President recommends Board approval of the 2017-2018 biennium supplemental budget request for the University of Wyoming (Agency 067) and UW-Medical Education (Agency 167), as described in this item.