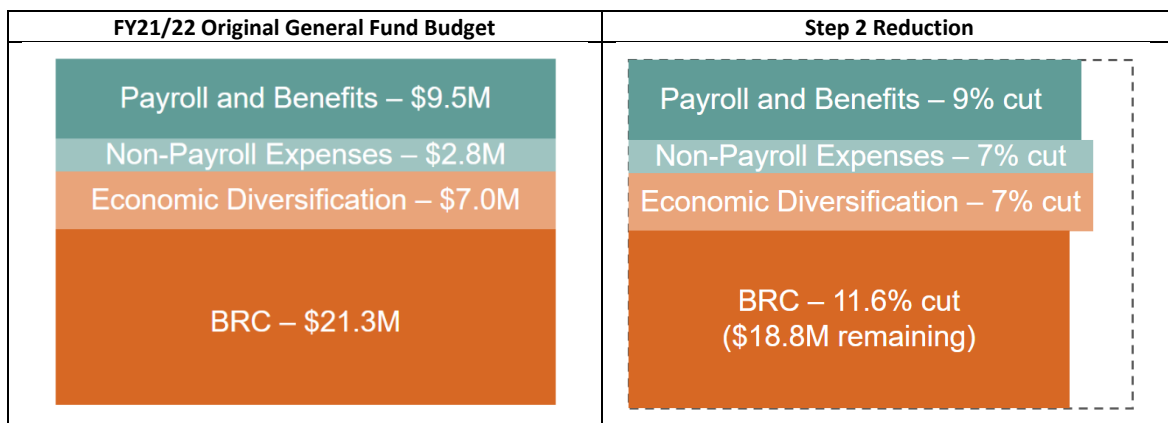


**Wyoming Business Council (085)
 FY21 Budget Reduction Report
 November 30, 2020**

The Business Council strives to find a balance between helping the state meet its budget challenges in the short run and bringing lasting resilience to the state by executing our mission. As you take the next difficult steps, please consider the cuts we have already experienced, our laser focus on building resilience, our long-term vision of sustainability, and the positive impact we have on the people and communities in Wyoming. With this in mind, we have prepared the following information to answer the questions posed in the email entitled, “Budget Hearing Material Request” dated October 8, 2020.

Step 2 Budget Reduction Overview

| Division | Step 2 Reduction | Step 2 Reduction Details |
|--|-----------------------|--|
| 0101 WBC Fund | \$1,105,567.00 | |
| Payroll & Benefits | \$856,970.00 | 5 positions |
| Non-Payroll | \$192,687.00 | Board Meetings, Training, Vehicles |
| Wyoming Council for Women | \$55,910.00 | WCWI Program |
| 0201 Economic Diversification | \$480,000.00 | HAAF, Main Street Best Practices, Made in Wyoming, Industry Initiative Grants, Partnership Contracts |
| 1600 Business Ready Communities | \$2,478,457.00 | |
| | \$4,064,024.00 | |



Detailed Step 2 Reduction and Impacts

| Reduction | Description | Impact | Reduction Amount |
|------------------------------------|--|--|------------------|
| Program Reductions | The HAAF program has historically provided technical assistance to Wyoming owners of historical, commercial buildings in traditional downtown districts. An architect is assigned to evaluate the building and provides a building assessment, structural analysis, analysis of building code and ADA requirements, and facade and signage schematic design. HAAF does not provide funds for physical repairs, the purchase of building materials or work by contractors. The program is not fully aligned with the WBC strategy and will be curtailed in 21/22. The Made in Wyoming program currently includes branding utilizing the bucking horse, as well as a strong presence at the Wyoming State Fair. In terms of a Market Expansion function, the Made in Wyoming program has minimal impact on Wyoming companies striving to expand market share. It is recommended that this program end, and a different approach with more strategic alignment be taken to assist Wyoming businesses in their market expansion needs. | The HAAF grant program and Made in Wyoming program will not be funded by the WBC in BFY21/22. | \$50,000.00 |
| Wyoming Council for Women's Issues | The Wyoming Council for Women's Issues was transferred to the WBC in 2000 from the Department of Employment. The Council focuses on Employment Practices, Educational Opportunities, Home and Community, and Legal Rights and Responsibilities for women. While important, the WCWI's mission does not strongly align with that of the WBC. Therefore, we recommended and have been working closely with the WCWI on rehomeing the council to a better-aligned agency. | The Wyoming Council for Women's Issues program will not receive general funds via the WBC in BFY21/22. | \$55,910.00 |
| Reduction in Partnership Contracts | Business and community technical assistance and education are essential to executing the WBC's strategy. However, we have observed inefficiencies and areas of improvement with our partnership agreements (UW BRN, WEDA, State Chamber, Wyoming Women's Business Center). We are working with our partners to adjust the scope of services to meet budgetary requirements. | Multiple WBC partners will experience a 10-20% reduction in their BFY21/22 contracts with the WBC. The contract reductions will result in a decrease in scope of work provided by the partners. | \$350,000.00 |
| Virtual Board Meetings | We plan to move from four (4) in-person Board of Director meetings per year to one (1) in-person and three (3) virtual board meetings per year. We will utilize available technology to achieve the necessary meeting functionality and quality desired. This model will allow us to achieve significant cost savings (travel, facility rental, food) with minimal impact to our customers. | Quarterly board meetings will still be held, but ability for the WBC staff and board to network in person will be minimized. The WBC staff and board will also have minimal opportunity to visit Wyoming communities to learn more about the specific local economic development drivers in those communities. | \$82,687.00 |
| Internal Training | Investment in WBC team member skills and expertise is important for continued quality service delivery and economic development capacity building throughout the state. The proposed reduction is based on fewer employees and fewer per person training dollars per year. Virtual training is encouraged which will subsequently reduce travel expenses related to travel. | WBC employees will receive less professional development training in BFY21/22. | \$76,000.00 |

| | | | |
|--|--|---|----------------|
| Main Street Best Practices Training | Wyoming Main Street provides targeted training to Wyoming Main Street Managers and community leaders annually via the "Main Street Best Practices" trip centered around the National Main Street Conference. While the training is deemed some of the most valuable provided to the Wyoming Main Street communities, program reductions will be implemented in 21/22 to remain cost efficient and encourage fiscal responsibility. | The Main Street Best Practices training for Wyoming Main Street Managers and community leaders will not be funded fully which may decrease participation in the training, as well as quality of the training. | \$30,000.00 |
| Permanently Assigned Vehicle (25% reduction in travel) | We anticipate a 25% decrease in in-state travel in the 21/22 biennium. This savings represents a 25% reduction in miles traveled across the WBC fleet. Permanently Assigned Vehicles (PAVs) are billed based on actual usage and reducing the number of miles traveled will result in fleet savings. | Decreased travel results in more virtual meetings and less time in communities by WBC employees. | \$34,000.00 |
| Industry Initiative Grants | We are currently assisting 7 companies in identifying opportunities and pursuing advanced industrial certifications in the aerospace and defense industry. We are not seeing the demand for this program we originally anticipated. However, we recognize that recent circumstances may increase the need for Wyoming companies to change their strategies, and we see a need for increasing awareness of the program. | Decreased funding available to Wyoming industries for economic diversification initiatives. | \$50,000.00 |
| Decrease GF Business Ready Community (BRC) budget | The Business Ready Community (BRC) is an important tool in delivering economic development funds to communities across Wyoming. We are proposing a reduction in the BRC funds to achieve the desired level of fiscal responsibility. | Less funds will be available to communities and EDOs for BFY21/22 Business Ready Community projects. | \$2,478,457.00 |
| 100 Series Reductions | The alignment of WBC personnel with our strategic initiatives resulted in the reduction of <u>five</u> positions (2 layoffs). | As we strive to provide greater efficiency and delivery of service to our customers, a reduction in staff will be beneficial to our stakeholders. | \$856,970.00 |

Step 2 Personnel Reductions

In 2009, the Business Council had a headcount of 52 employees. Today, the Business Council is executing a robust strategic plan for building resilience in Wyoming's economy with a lean team of 36 professionals. In a little over ten years, the human resources of the State's only economic development entity have been reduced by more than 30%.

In recent budget reduction discussions and actions, the Business Council took a hard look at personnel and made significant cuts in the first 10% (Step 2 reductions). We reverted five positions, two of which were layoffs. In 2009, many Business Council functions, and programs had nearly two people to provide coverage and ensure stability. With precise, surgical cuts over a little more than a decade, the Business Council now finds itself smaller but having the right positions and personnel to build resilience in Wyoming's economy while not straining the budget. Each function at our agency is performed by one person or fewer. This means that any additional cuts will leave a hole in a program and limit our ability to lead the other economic development entities in the state, which during a time of lean budgets is a way for us to turn one position into five and create greater economic development impact.

Step 2 Impact on Wyoming Communities

Almost every community in Wyoming has suffered significant job losses due to downturns in extraction markets and/or COVID-19.

Across the state, more than 550 jobs have been lost in 2020 due to layoffs in extractive industries and more are expected. Each job loss then results in an additional 4 indirect job losses in communities. As a result, even before COVID-19 impacted Wyoming, total jobs in the state were down about 4% compared to 2014. By September 2020, total jobs were down more than 9% since 2014 (Bureau of Labor Statistics).

The purpose of the Wyoming Business Council is to enable good jobs for Wyomingites. The Business Ready Communities program can be a powerful deterrent to the challenges faced by Wyomingites because of the drastic economic shifts our economy is undergoing.

The BRC fund has experienced a significant reduction from its height in 2007/2008 (\$79.2 million) to the current BRC biennium 2021/2022 budget of \$29.3 million. More recently, the BRC budget was stable at \$38.5 million in both the 17/18 and 19/20 bienniums. A reduction from \$38.5 million to \$29.3 million was already weathered in the 21/22 biennium.

The \$2.4 million Step 2 reduction to BRC is nearly equivalent to one BRC project as the BRC grant maximum is \$3 million.

A single project can be a game-changer in a community, especially as we are laser-focused on recruiting and expanding primary employers in our communities. One recent example of a high-impact project is a \$4 million loan and grant combination to the City of Evanston that will enable the relocation of Avalon International Aluminum from Oregon to Wyoming. This will bring 60 full time jobs with wages over \$30/hr to Evanston. The economic impact of the jobs enabled by this project will exceed the grant investment in just over 3 years and will continue to produce return in the form of jobs and economic impact for years beyond that. Additionally, Avalon will pay the remaining \$1 million loan back to the City of Evanston and the Business Council, and recaptured funds will be used to fund additional projects. The jobs and follow-on projects enabled by this investment will work to directly mitigate the job losses anticipated as a result of the Westmoreland coal mine and the PacifiCorp Power plant closing in the area.

More generally, the Business Ready Communities program created 1,621 direct jobs between 2014 and 2019, an average of 346 direct jobs and over 2,000 indirect jobs per year. On average, a \$4 million BRC investment will enable about 95 direct jobs.

Many Wyoming communities are suffering layoffs and shutdowns in traditionally strong industries. As communities ask, "What's next?", a BRC project can result in hope instead of despair. A BRC project positions a community to proactively take steps toward creating their unique, sustainable, resilient local economy.

Urgent Opportunity

Time is of the essence. While the COVID-19 pandemic has had extraordinary negative effects on Wyoming's economy, it has also presented the state with rare opportunities for growth. The pandemic has increased the ability to work remotely, resulting in many businesses and workers considering relocation. A quick internet search will display articles and reports talking of the mass-exodus from states like California and Oregon. Many companies are moving because their home states have become less business-friendly over the past several years and have made it even more difficult to run a business during the pandemic.

For these companies, COVID-19 is the straw that broke the camel's back. Now, hundreds of companies have hit their breaking point and are looking to move to a more business-friendly state where they can be more politically and economically aligned. Wyoming can be their new home.

One example is a notable outdoor recreation manufacturing company is looking at Wyoming as their new corporate home, potentially creating nearly 200 jobs in Wyoming. The company sees Wyoming as a strong candidate because of our values, outdoor lifestyle, and business-friendly environment. They are considering using

WBC resources and the BRC program to help them relocate here. However, they are also being heavily courted by other states. If we do not have the resources to help companies choose Wyoming, we will miss out on golden, but time-limited opportunities.

COVID-19 has accelerated disruption and inspired change. Wyoming must take proactive steps to take advantage of this transformation to ensure a sound economic future. We must be ready as companies look to move, start and grow in new places. BRC funds are critical to achieving this.

Continuous Improvement

The BRC program has been impactful to Wyoming for decades. However, all good programs must be continuously improved to maximize effectiveness. The Business Council is exploring new ways to use BRC funding. By maximizing revenue recapture and using BRC funds to leverage private and federal dollars, we aim to multiply the impact of each BRC investment, and ultimately to create a self-sustaining fund. Broadening the statutory limitations of uses of the program would allow this to be done more efficiently.

With this enhanced focus on return and leverage, any additional reductions to BRC could have a much more severe net-negative effect on economic development.

Summary

Keeping the current Business Council team and funding intact may be the difference between resilience and fragility as Wyoming faces the challenges ahead. We appreciate your thoughtfulness and diligence in this difficult time.