

Recent MOREnet Funding Challenges

John Gillispie
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FY09 Funding

Base appropriation: \$12,754,612

Represents 41% of total funding

Additional 4.85% withholding on all “Other Curators programs” in
April

Final FY09 actuals: \$11,753,375

Represents 38% of total funding

FY09 Withholding Actions

Additional withholding: \$618,599 (4.85%)

Actions to address withholding:

Vacancy savings

Operating expense reductions

FY10 Funding

Truly agreed to and finally passed: \$14,766,151

Governor's line item veto to lower back to FY09 base
appropriation: \$12,754,612; 10% funded with federal
budget stabilization funds

Initial projected available: \$12,371,974

Represents 38% of total funding

FY10 Withholding– 5 Rounds

1. July: \$127,546 (1%); based on 10% of Federal Budget Stabilization Funds
2. October: \$3,061,107 (25% inclusive of Round 1)
3. January: \$1,913,192 (15%)
4. February: \$637,731 (5%)
5. March: \$191,319 (1.5%)

FY10 Withholding– 5 Rounds

Total 46.5% additional withholdings

Total FY10 additional withholding: \$5,930,895

Final FY10 actuals: \$6,441,079

Represents 25% of total funding

FY10 Withholding Actions

Actions to address withholding:

No additional revenue collection possible due to timing of withholding

Mostly one-time actions falling into two types

1. Expense reductions/deferrals (45%)
2. Reserve use (55%)

FY10 Withholding Actions: Expense Reductions/Deferrals

Vacant positions and other labor savings

Network circuits for upgrade freeze & vendor negotiations

Deferral/elimination of equipment purchases

Reduction of travel, office and other expense

FY10 Withholding Actions: Reserve Use

Suspension of plant fund contributions

Shift capital equipment purchases from
operating to plant fund

Use of operating reserves

FY011 Funding

Base appropriation: \$ 6,823,717 (46.5% cut, or
\$5,930,895)

Projected available: \$6,619,005

Represents 23% of total funding

Potential Governor's line-item veto and additional
withholdings yet to be determined

\$350M shortfall for state to begin year

FY11 Core Cut Actions

Actions to address ongoing cut to funding:

Additional revenue collection/tail subsidy
limitations

Expense reductions

Reserve use

FY11 Withholding Actions: Additional Fees/Subsidy Limitations

40% fee increase for K-12 schools districts

20% for public libraries

Reduced support for tail connectivity costs
for K-12 schools, public libraries and higher
education

FY11 Withholding Actions: Expense Reductions

Elimination of vacant positions (13 out of 107 FTE) and other labor savings

Negotiated Internet circuits reduction

Deferral/elimination of equipment

Reduction of travel, office supplies, rent and other expense

Maintenance elimination/service level reduction

FY11 and Beyond: Budget Pressures

Additional state reductions likely

Increased demand for capacity in geographic areas
with few affordable market alternatives

Increasing market pressures in competitive
metropolitan markets

FY11 and Beyond: Budget Strategies

Potential BTOP award

Different organization structure (e.g. 501c(3) structure) to leverage additional E-rate funding

Shared services

New fee-for-services

Reduced services

Additional member fee/expense cost share