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Hello Sublette County, this is Albert Sommers reporting from the Legislative interim meetings I have attended. During the month of October, I participated in meetings of the Select Committee on School Finance Recalibration and the Joint Appropriations Committee.

On October 12 and 13 the Select Committee on School Finance Recalibration met in Casper to hear our first real report from APA, the consultants we hired to review K12 education funding in the state of Wyoming. Before you can develop a cost of education, you have to decide the scope of education. What course work will the state require districts to provide to their students? This course work is called the educational program or the “basket of goods.”

APA reviewed the educational program in our neighboring states and high-performing states around the nation to see how Wyoming compared. APA found that Wyoming has a very similar educational program to that of comparison states. Nearly all states require the following to be offered: Reading/Language Arts, Social Studies, Mathematics, Science, Fine Arts/Performing Arts, Physical Education, Health and Safety, Humanities, Career/Vocational Education, Foreign Cultures & Languages, Applied Technology, and Government. Several states also require Computer Science to be part of the basket of goods. After hearing the testimony, the committee chose not to recommend a reduction in Wyoming’s basket of goods, and in fact we asked for a bill draft that would add computational thinking to the skills section of our educational program. We did this based upon compelling testimony from the Wyoming Department of Education on the importance of Computer Science for Wyoming’s future. The committee did not want to add another expense to districts, but tried to incentivize more computer science coursework by creating a bill draft that would allow computer science to satisfy one of the three years of science required for graduation, and allow computer science to replace one of the math requirements in the Success Curriculum for the Hathaway Scholarship. I do not believe the capacity exists currently in Wyoming to require computer science for every student, because with declining budgets, smaller districts simply don’t have the cash to hire the teachers, if they could find them. However, we are proposing some baby steps to increase the importance of Computer Science.

The Select Committee on School Finance and Recalibration will meet again on November 29, 30, and December 1 in Casper, where our consultants, APA, will provide their first reports on the development of a new funding model for education. At this meeting we were expecting to receive a completed model with detailed costs to compare to our old model, but that will occur in the months ahead, not at this meeting. We will meet with the revenue committee on December 1 to hear revenue options for resolving our education funding shortfall, but without a fully functioning alternative model from APA, we will not really understand what those shortfalls are. This recalibration process has been working on a compressed schedule, and the committee will have to roll with the delays created by the consultants need for more time. It is very likely that we will have to meet again after our January 23&24 meeting to finalize any recommendations for the legislative session in February.

The Joint Appropriations Committee met on October 27 in Casper to hear a report from the Consensus Revenue Estimating Group (CREG) on Wyoming's projected revenues, and the subsequent shortfalls we may face as we develop Wyoming's 2019/2020 biennial budget. We also heard reports from the Water Development Commission, State Lands, the Department of Corrections, and the Wyoming Retirement System.

Wyoming's revenue projections look better than they did in January, when the CREG last made projections. Their revenue projections for the General Fund for the 2017/18 biennium have increased by \$195 million over last January's projections. We develop budgets based upon these projections, and the revisions to these projections. In the end we will not need to utilize our Rainy Day account to offset the shortfalls we had in the 2017/18 biennial budget last session, and we will have about \$80 million left over to apply toward the 2019/20 biennial budget. At the end of last session we had cut the State's budget to fix our structural deficit in the General Fund, but still had a shortfall from fully funding the statutory reserve account. Prior to last session agency expenses had exceeded our revenues. Going forward, we still have a couple of big funding issues to deal with in the General Fund: major maintenance for state facilities and supplemental funding for local government. These two items alone could cost around \$250 million. None of this includes the shortfalls we have with operations, major

maintenance, and capitol construction for K12 education, which under current funding formulas could exceed \$550 million for the 2019/20 biennium, which is an improvement from past projections. We do have some diversions of existing revenue streams, savings, and increased capital gains on our savings which will help defray some of these expenses. The diversions of existing revenue streams include the 1% statutory severance tax diversion that previous to last session went into the Permanent Mineral Trust Fund, and the 33.33% of Wyoming royalties off of state lands that are currently flowing to the Permanent Common School Land Account. These two revenue streams total about \$250 million for the biennium. We utilized some of the 1% severance tax diversion last session to satisfy budget shortfalls, but it will take legislation to tap into the 33.33% royalties' stream. We still have a lot of tough decisions ahead of us as a state, including how to fully fund the Wyoming Retirement System.

The Wyoming Retirement System will soon need a contribution increase to stay solvent. Will those increases come from state and local government, including school districts, or will it come from employees? Wyoming has a very employee-friendly contribution rate structure.

If you have any questions or comments please contact me at albert@albertsommers.com