

12-9-2017

Hello Sublette County, this is Albert Sommers reporting to you as we approach the 2018 Legislative Budget Session, which begins in February. My assigned duties in the Legislature revolve around the state's finance, as I serve on the Joint Appropriations Committee (JAC) and the Select Committee on School Finance. Based upon the Governor's submitted budget, our staff anticipates we will have an estimated total shortfall of approximately \$803 million during the 2019/20 biennium. This is our structural deficit in general government and K12 education combined, with the majority of the deficit coming from K12 education. We do have a projected \$258 million in savings flows that we can put toward this shortfall. We also have our \$1.6 billion "Rainy Day" savings account to utilize as a backstop, but there are no easy answers ahead.

The Select Committee on School Finance met in Casper on November 29, 30, and December 1 to hear the initial reports from our education funding consultants, APA (Augenblick, Palaich and Associates), on their evaluation of our current funding model and development of an alternative funding model.

APA reported that Wyoming's funding model was "generally" consistent with 38 education adequacy studies that have been conducted around the nation by 4 or 5 different consulting firms in the last 20 years. States from time to time request consulting firms to conduct an adequacy study, to determine what an adequate education costs in a particular state. These studies have been conducted due to citizen ballot initiatives, court rulings, and legislative initiatives. Many states adopt only portions of these adequacy studies, but Wyoming's five Supreme Court decisions on K12 education funding have outlined a more prescriptive path for funding of K12 education in our state. They have mandated that Wyoming perform an adequacy study every five years, which we did in 2015 utilizing a different consultant. Revenues and projected revenues for funding education have substantially diminished in the last two

years, which resulted in the Legislature questioning our current funding model. Hence, the Legislature hired APA to review our funding model for adequacy and provide an alternative approach. Based upon this initial report, in which APA declares Wyoming's funding model "generally" consistent with 38 adequacy studies, I believe APA will recommend funding levels similar to our current model. Funding of individual components of the model may vary, but I doubt the whole price tag will change significantly. For example, APA's work suggested Wyoming was over-funding Special Education, but under-funding At-Risk students. APA has promised a Draft Report by the middle of December, followed by a final report toward the end of January. We will hold our next meeting in Cheyenne on January 29-30. At this meeting the Select Committee will hear APA's final report, receive public testimony, and begin formulating our final recommendations to the Legislature.

The Joint Appropriations Committee is meeting in Cheyenne from December 4-15, and will meet again from January 8-19. JAC is currently in the process of receiving each agency's budget, plus the Governor's recommendations. Each agency (a few examples being the Department of Environmental Quality, the Treasurer's Office, and the University of Wyoming) submits a budget to the Governor, and then he makes final recommendations to the Legislature, through the JAC. On Monday, Dec. 4, Governor Mead spoke to the committee about the budget he submitted. The Supreme Court, a separate branch of government, also makes recommendations on state judicial budgets.

The JAC will consider these recommendations, and then forward its own recommendations to the entire Legislature on the budget for the 2019/20 biennium. JAC's job is to ensure accountability by asking hard questions about the expenditure of state tax dollars. Is Wyoming spending too much or not enough on certain programs? Should programs be eliminated or created? A big question for me is how can Wyoming get a handle on ever-increasing costs in the technical support sector, when software companies are escalating their management fees by 5

to 7 percent a year. Technology can create great efficiencies, but it comes at a high cost, with escalating fees.

If you have any questions or concerns, I can be reached at albert@albertsommers.com

Thanks

Albert Sommers