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Hello Sublette County, this is Albert Sommers reporting to you from interim activity of the Wyoming Legislature. I had a full week of meetings during the week of October 26. The Joint Appropriations Committee met on October 26-27, and the Select Committee on School Finance Recalibration met October 28-30. These committees have the daunting task of trying to resolve the significant shortfalls in funding for state agencies and K12 school funding respectively.

The Joint Appropriations Committee (JAC) reviewed the State's distribution of Federal CARES Act dollars, which were given to states to help address issues created from the pandemic. State accounting data indicates that Wyoming expenditures from the **\$1.26** billion CARES Act funding, including interest, total **\$510,373,508** as of Friday, October 30. Though the Governor has a plan in place to spend the \$1.26 billion by the end of December, this accounting shows that the state has yet to spend half of the money. In my opinion, the Wyoming Attorney General has taken a more conservation approach than many states on how these dollars can be spent. This means hundreds of millions might go unspent. These dollars could help businesses and individuals in Wyoming financially survive the pandemic.

The JAC heard a report from the Director of the State Budget Department on the budget cuts the Governor made to help resolve our budget deficits created by the pandemic, plus the loss of revenue from our declining carbon-based industries. The Committee also discussed fees that state agencies charge customers. The JAC will examine when fees were last increased, and whether some fees should be increased. We continued to receive reports on the State's IT purchasing process and health insurance program. Both of these items are huge cost drivers in the State's budget, and we are trying to find efficiencies in both programs. JAC will start agency interviews in mid-December, which is the first step in the Legislature's development of a Supplemental Budget. Remember, a Supplemental Budget is not just adding to budgets, but is the way the State cuts budgets to meet our constitutional mandate to have a balanced budget.

The most important report that JAC received at its October meeting was the October CREG report. The Consensus Revenue Estimating Group is charged with projecting Wyoming's revenues. The CREG last met in May to estimate revenues. The October CREG report is a signal

of whether Wyoming is recovering from the recent crash. The FY 2021-2022 balance in the General Fund (GF) and Budget Reserve Account (BRA) improved from May's shortfall of \$877.0 million to a shortfall of \$451.1 million in the October projections. This represents an overall improvement of \$425.9 million in the shortfall for Wyoming's General Funded agencies. If you add in the Governor's proposed budget reductions, then the shortfall is reduced to about \$112 million. However, some of this revenue windfall is one-time dollars, which won't solve our long-term problem.

The CREG also projects revenues for K12 school funding. The shortfall in K12 school funding for the FY 2021-2022 biennium declined from a \$515.1 million shortfall in May to \$309.7 million in October, which reflects an improvement of \$205.4 million. This is good news for the Select Committee on School Finance, as we deliberate the kind and cost of a K12 school funding model that meets our Constitutional mandates to provide an adequate/equitable education to every child in Wyoming. The Select Committee on School Finance received the last big reports from its consultants during its three-day meeting. These included reports on Special Education (SPED), Salaries, Regional Cost Adjustment (RCA) and External Cost Adjustment (ECA).

Wyoming reimburses school districts 100% of the costs associated with SPED. Prior to the Legislature putting a cap on increases in funding to SPED, the average yearly increase in expenditures was about 4%. Our SPED consultants pushed for a cultural shift in how SPED is delivered by providing more instruction in a regular classroom setting through a regular classroom teacher. Many districts are already moving in this direction, but the consultant is going to work with our staff and the Wyoming Department of Education to provide us some actionable suggestions to implement. We will also look at creating a salary schedule for SPED, to hold down the rising costs. The extraordinarily costly SPED students will need to be funded at 100% of costs. Some of these students cost districts hundreds of thousands of dollars each, but we have a constitutional and moral obligation to these high needs children. Our consultants recommended that teacher salaries stay where they are at currently, and that principal and superintendent average salaries be raised slightly.

Our consultants recommended a new Regional Cost Adjustment, which would result in a substantial cut to Sublette County schools. I will advocate for keeping the current RCA, which is designed to equalize employees' cost of living around the state. From a purely mathematical standpoint, the current RCA does not accomplish parity among districts. BUT, the biases in the current RCA have become accepted after 15 years of use. Our consultants advocated for a yearly inflationary adjustment to the model, but Wyoming will likely continue with the current practice of evaluating the cost pressures on the funding model components.

After the reports were heard, I made a few comments as Co-Chair of this Select Committee. I told the Committee that I wanted to find a comprehensive solution to funding K12 education, through a path that includes reducing costs and new revenue. I believe this committee has an obligation to try to solve Wyoming's education funding shortfall. The Committee adopted the consultant's Evidenced Based model, over the Legislature's old model, as the point from which we will begin discussions. We will examine and debate every component in the model, from class room size to the salaries for groundskeepers. The Senate members of the Select Committee want to discuss and debate the "Basket of Goods," which is the course work that the state requires be taught. Our "Basket" is virtually the same as all of our neighboring states, and I have no intention of supporting an educational program that is less than what our neighbors provide. We will continue the discussion in December, and it is anybody's guess whether this committee can coalesce around a comprehensive solution. Some only want to cut funding, others only want to increase taxes for education, and some of us want to do both in modest amounts, through a thoughtful process. Stay tuned.

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