

12-24-2020

Merry Christmas Sublette County, this is Albert Sommers reporting to you from the final interim work of the legislative committees I serve on. The Joint Appropriations Committee met virtually from December 7-18 to receive the Governor's Supplemental Budget, ask questions of various state agencies, and develop legislative modifications to the Governor's Supplemental Budget requests. On December 21-22, the Select Committee on School Finance – Recalibration met to debate Wyoming's K12 funding model, and what constitutes an equitable, adequate education.

Based upon long term projections at the height of Wyoming's economic collapse in May, by the end of 2024 Wyoming would have had a \$2 BILLION shortfall in funding for General Funded state agencies and K12 education, and we would have exhausted our "Rainy Day" account. Long term projections made in December include significantly improved revenue projections along with the Governor's proposed Supplemental Budget cuts. These show that by the end of 2024, the State's shortfall is projected to drop from \$2 BILLION to \$700 million.

By the end of 2024, it is projected that K12 education and K12 capital construction funding will account for \$644 million of the total \$700M state shortfall. General Fund agencies will account for just \$56 million of that shortfall. For General Funded agencies this is good news, but the Governor's reductions will severely cut services to Wyoming citizens, especially those receiving services from the Department of Health. For K12 education funding, we clearly have significant structural funding challenges. These funding challenges are largely a result of the decline of coal usage in the nation, and subsequent decline in state revenues from coal, oil and natural gas. These industries are the primary drivers for education funding in Wyoming.

During the week of December 14, the Joint Appropriations Committee (JAC) passed motions on the Governor's recommendations, and these motions will be the basis for the Supplemental Budget bill that the Joint Appropriations Committee will provide to the full Legislature during our upcoming session. The Governor proposed General Fund budget reductions of over \$446 million for fiscal year 2022. The JAC adopted most of the Governor's recommendations, with only minor modifications. In the end, the JAC cut an additional \$2.5 million from General Funded agencies and reduced another \$3.1 million of school foundation dollars from state

agencies. Our Legislative Service Office staff will take the motions that JAC passed and create a budget bill. Wyoming has a constitutional obligation for a balanced budget, and this Supplemental Budget is the process utilized to balance our budget as revenues declined.

In early January the new 66th Legislature will be sworn in. After the new Legislature is installed, new members of the JAC Committee will review the proposed budget bill, and they will ultimately vote on a finalized bill to present in the next session. I was elected by House Republicans of the 66th Legislature to serve the House as the Majority Floor Leader. The duties of the Majority Floor Leader will not allow me the time to serve on the House Appropriations Committee. I will go back to serving on the House Education Committee, which has a smaller workload during session than the House Appropriations Committee.

On December 21-22, the Select Committee on School Finance – Recalibration met virtually to debate how to fund an equitable, adequate education in Wyoming. Recalibration is a process to determine the cost of an adequate, equitable education for every K12 student in Wyoming. However, Wyoming still has an enormous shortfall in funding education, which will be covered by Wyoming’s “Rainy Day” account. Under current projections and current law, the LSRA (“Rainy Day” Account) will cease to have enough money to support education by the end of 2024. If we cut education funding substantially below the consultant’s recommendation, we risk not holding up our constitutional requirements as mandated by the Supreme Court, which could result in a lawsuit brought by school districts or parents. In previous meetings, the committee had used the Picus and Oden 2020 Evidenced Based (EB) funding model as the starting point for discussions. Currently, Wyoming funds K12 utilizing the Legislative Model, which is an adaptation of an older EB Model. The Legislative Model includes smaller class sizes, adjustments for small districts and schools, extra resources for alternative schools and Career Technical Education (CTE), and a unique formula for costing out activities. If we were to embrace the 2020 EB Model, we would create winners and losers among the districts. Prior to this meeting, as House Co-Chairman of the committee, I worked with my Senate Co-Chairman to find common ground, and we ultimately agreed on a motion to present to our committee. This motion was far from a perfect solution, but it will provide a path forward for the Legislature to debate K12 funding. The motion to draft a bill had three main themes:

- Use the current Legislative Model as our base bill
- Reduce the funding of the current Legislative Model by \$100 million, through a reduction of about \$1082 per Average Daily Membership (ADM) in the initial year, which would be adjusted at the district level each year based upon increasing or decreasing ADM. Average Daily Membership is a technical term to describe enrollment. Current K12 funding through the Legislative Model costs about \$1.5 billion per year.
- Include language in the bill title and the body of the bill that would allow a tax for education to be inserted by the Legislature during the session, but with no specific tax amount in this bill.

On December 21, the committee passed the motion to draft a bill that incorporated the three themes listed above. That day, the committee also reviewed a bill that would have capped funding for certain Special Education and Transportation costs, and then provided a process to review rising costs due to inflation. These two elements of education funding are reimbursed by the state to the districts at 100% of their cost. Special Education and Transportation costs have been rising at a rate of about 4% per year, and have been much debated over the years. No other state in the nation reimburses local school districts for 100% of their expenses for Special Education and Transportation. I supported this bill because I believe Wyoming needs to get control of these rising costs. In the end, the bill was approved by a majority of the Senate members, but it failed to get support of a majority of House members. The bill died in committee, because the rules of our committee require a majority vote of both House and Senate members to sponsor a bill in the upcoming session.

On December 22, the Select Committee received public comment on the Legislative Model bill draft that was initiated the day before, and the bill passed the committee without amendment. It is my hope that the Legislature has a robust discussion on school funding, and that we seek a comprehensive solution, which includes thoughtful K12 funding reductions coupled with additional revenue to solve our K12 funding shortfall. I believe educating its children is the most important duty that the State of Wyoming has.

Members of the 66th Legislature will be sworn into office in the State Capitol between January 4 and 12. The Wyoming Constitution requires members be sworn into office in-person at the Capitol. The 66th Legislature will then meet virtually on January 12 to elect its officers and to pass rules. Every two years, each new Legislature must pass rules that establish how it conducts business in both the House and the Senate, and Joint Rules related to how the Senate and House interact with one another. As of right now, we do not have enough staff willing to support an in-person legislative session starting January 12, nor do we have enough technology in place to allow a hybrid in-person/virtual session. Leadership of the Legislature, of which I am a member, will be examining all options moving forward, including having a relatively short virtual session in February to debate high priority committee bills coupled with an in-person session in March. We will remain flexible, and we will get our work done. I can be reached at albert@albertsommers.com with questions or comments.

Thanks.