

The End of the 2021 Session: K12 Education Debates

Hello Sublette County, this is Representative Albert Sommers reporting to you from Cheyenne at the close of the 2021 General Session of the 66th Wyoming Legislature. We ended the session at 8pm on Wednesday, April 7. The final hours of debate and negotiation in conference committees involved three bills that had implications for K12 education.

The first bill was [SF0121](#), State funds - investments and distributions, which raised the amount of investment earnings that could be spent from the inviolate Common School Permanent Land Fund. The bill also sent a portion of severance tax to grow the corpus of this permanent account. The Common School Permanent Land Fund has \$4.1 billion, and the investment income from this constitutionally created account helps fund K12 education.

The second bill, [SF0130](#), Charter schools, was a hotly debated bill that allowed an entity other than a school district to authorize a charter school in Wyoming. The final deal struck between the House and the Senate allowed the State Land and Investment Board (which consists of the Governor, Secretary of State, State Treasurer, State Auditor, and Superintendent of Public Instruction) to be the second authorizer. However, the final agreement allowed only three charter schools to be authorized under this new system before review and further study of the charter school program by the Legislature.

The third bill was [HB0173](#), School finance funding-2, which was designed as a comprehensive solution to the K12 funding shortfall. The 66th Legislature entered the 2021 General Session with a \$300 million annual K12 education funding shortfall, with \$250 million related to the general operations of schools and \$50 million associated with capitol construction. This shortfall is largely the result of Wyoming mining 250 million fewer tons of coal per year, with a subsequent decline in ad valorem tax, federal mineral royalties, and federal coal lease bonus payments.

Unfortunately, on our last day, the House and the Senate deadlocked on HB173. The conference committee could not agree on a solution to the K12 deficit, and the bill died.

Let's recap how we got to this point. When HB173 bill passed the House on March 23, it was a four-part solution that included constitutional funding model reductions, diversion of existing revenue flows from savings to education, federal America Recovery Plan (ARP) dollars, and an insurance policy of a half-cent sales tax for education that would kick in only if our "Rainy Day" account dropped below \$650 million. By utilizing some of the federal ARP dollars as a local resource, the House created a provision through

the distribution of these ARP dollars that would have allowed the State to save \$135 million of school foundation money, while still fully funding the K12 funding model.

By 2026, the deficit reduction measures created in HB173 would have shrunk a \$250 million annual operations shortfall down to a \$38 million shortfall.

The Senate did not agree with a comprehensive solution to solving Wyoming's education funding shortfall. It eliminated both the half cent sales tax and the diversion of existing revenue streams from savings to K12 education.

Senate amendments to the House ARP distribution plan produced the following three outcomes. First, they cut K12 education funding to districts by \$135 million; second, they captured nearly all of the \$273 million in federal ARP dollars in school district reserves; and third, they placed restrictions on the permissible uses of school foundation program dollars and federal resources. These actions were hidden within large Senate amendments, and it took the House conference committee several hours to realize what the amendments did.

The reductions and restrictions the Senate created through the distribution of the ARP dollars would have disproportionately affected districts with higher numbers of disadvantaged Title 1 students, because the federal ARP program was based upon the number of Title 1 students in a district. By accepting these federal dollars, Wyoming is obligated to limit cuts to education. As HB173 left the House, its funding model reductions amounted to about a 3 percent cut, and this cut was within the federal guidelines.

In conference committee, where differences between House and Senate are negotiated, the first compromise that the House brought to the Senate would have reduced the annual K12 funding deficit by \$154 million, without taxing Wyoming citizens. Within this compromise, the House agreed to eliminate the sales tax from the bill, and the House met the Senate half-way on the timetable for phasing in cuts. Eventually, the House agreed to alter the revenue diversions and temporarily redirect them.

The Senate would not budge from its position with respect to the distribution of federal ARP dollars. The House remained willing to negotiate a compromise, but the Senate announced the end of discussions on the floor of the Senate in a fiery speech.

In the end, the Senate was unable to move in our direction to help solve the State's largest financial problem, as the only tool it brought to the discussion was cutting education funding.

I am confident that the House and the Senate will rebound from this emotion-filled interaction, and continue to look for solutions to Wyoming's school finance challenges.