




Laramie County School District No. 1

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Date: October 12, 2020
To: Members, Select Committee on School Finance Recalibration
From: Marguerite Herman, Chairman 
Subject: Information in Response to Committee Requests

The Laramie County School District #1 (LCSD1) Board of Trustees appreciates the opportunity to respond to the Select Committee on School Finance Recalibration's (Select Committee) recent discussion on the projected shortfall to the School Foundation Program Account and the School Capital Construction Account. Considering the impact from the COVID-19 pandemic and the economic impact from the precipitous declines in the mineral extraction industries, the LCSD1 Board shares the concern over the fiscal outlook for fiscal year (FY) 2021-22 and beyond. In this request for information to the Select Committee, the LCSD1 Board is responding to: 1) the impact to district operations if the projected budget gap of 16 percent was applied to the Education Resource Block Grant Model (funding model), and 2) the request for solutions to address the budget gap.

1. Impact to School District Operations

The Wyoming School Foundation Program provides school districts with the necessary instructional and operational resources to provide each Wyoming student with an equal opportunity to receive a proper education. A 16 percent reduction in resources represents approximately \$34 million to LCSD1 and would have a profound impact on every aspect of LCSD1 operations. The fiscal impact of this reduction would severely compromise our school district's ability to provide the expected level of education by reducing educational programming, increasing class size, cutting teaching, admin and support personnel, decreasing investments in curriculum materials and staff development and reducing overall operational capacity. Programs that would be impacted by these reductions include summer school and extended day opportunities, extracurricular activities, fine arts, advanced student programs, course offerings and more.

The lasting effect of compromising on the quality of public education in Wyoming will be severe. With regards to personnel, the consequences of these budget reductions could mean the loss of more than 350 full-time staff positions creating rippling effects through the entire community. These job losses could inhibit the ability of Wyoming families to recover from the financial impacts of COVID-19, weakening overall economic growth and slowing the recovery.

It is important to note that Wyoming school districts are already facing decreases in revenue for the upcoming school year. During the 2018 Budget Session, House Enrolled Act 068 modified the funding model by reducing funding to LCSD1 by approximately \$4.9 million over the 2019-20 biennium. Additional changes to law enacted during the 2020 General Session will impact LCSD1's operating revenue through time-limited External Cost Adjustments (ECA) and modifications to the funding model's health insurance component. The estimated total decrease in funding for ECAs and health insurance is estimated at \$1.1 million and \$525,000, respectively. Moreover, the impact COVID-19 has had on student enrollments and at-risk student counts will reduce millions more from LCSD1's FY 2021-22 budget.

2. Solutions to Address the Budget Gap

Under the Wyoming Constitution, the Legislature "*shall make such further provision by taxation or otherwise, as with the income arising from the general school fund will create and maintain a thorough and efficient system of public schools, adequate to the proper instruction of all youth of the state.*"¹ With regards to financing the system of public schools, the Wyoming Supreme Court stated that the Legislature wields an "*apparent unlimited power*" under the state Constitution by taxation or otherwise to fund schools.²

Wyoming cannot disproportionately rely on spending cuts to close the budget shortfalls we are facing. It is imperative that the Legislature consider a more balanced mix of spending cuts and revenue increases. Legislative deliberation on how to address revenue shortfalls in the School Foundation Program has taken place in multiple interim committee meetings in recent years. Proposals on changes to sales and use tax, ad valorem tax, diversions and more have been considered but not fully enacted into law. As recently as this interim, the Joint Revenue Committee considered bills to increase the countywide mill levy for school districts (not subject to mineral production) and increase the property tax assessment ratio. Ultimately, only the school funding mill levy bill with an amendment to cut school funding advanced. We will share this letter about the impact of potential budget cuts with the Joint Education and Revenue committees, which will be making important decisions in 2021 about the schooling guarantee Wyoming makes to its students, about changes to the funding model and about revenue increases.

As you contemplate a school finance recalibration bill, we urge you to consider the following requests which particularly fall within the jurisdiction of your committee.

1. Wyoming Statute 21-13-309(t) requires the Legislature to recalibrate the funding model "*to determine if modifications are necessary to ensure it remains cost-based in light of changing conditions and modifications to law.*" The LCSD1 Board of Trustees requests that the Select Committee support a recommendation to support a constitutional, cost-based level of funding. The lack of resources should not determine a new cost-basis for K-12 education. Austerity measures negatively impacting the cost basis of the funding model should be time-limited and phased out as the economy improves.
2. More than \$60 million a biennium is appropriated from the School Foundation Program Account for programs outside of the funding model. These off-model appropriations include specific restricted grants to school districts, court order placements, administrative costs for state agencies and more. The same level of scrutiny that is applied to the funding model components should be used to examine the off-model programs funded through the School Foundation Program Account. Through this analysis, budget reductions may be identified that have less of an impact on student learning.
3. Remove barriers for school districts and limit restrictions that could inhibit our ability to respond to the instructional needs of our students. LCSD1 proposes a temporary lifting of the maximum carryover for school district reserves in order to conserve existing resources for the upcoming school years to address the potential loss in revenue.
4. Maintain a block grant model and avoid adding new requirements that would cause school districts to experience further financial stress via new mandates or restrictions on the use of block grant funds.

¹ Wyoming Constitution Article 7, Section 9.

² Washakie County School District No. 1 vs. Herschler, 1980.

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We respectfully ask that you consider our suggestions as you examine your charge to fund the statewide school system necessary to deliver the full basket of goods to students. Thank you again for allowing input from LCSD1 Board on behalf of our 14,000 students.

Cc: Laramie County School District #1 Board of Trustees
Dr. Boyd Brown, Superintendent, Laramie County School District #1
Jed Cicarelli, Finance Director, Laramie County School District #1
Brian Farmer, Executive Director, Wyoming School Board Association