

Wyoming

Neil Theobald

FUNDING PRIORITIES FOR P-12 EDUCATION

In 1995, the Wyoming Supreme Court unanimously declared the state's entire K-12 school finance system - - including school capital construction - - unconstitutional in *Campbell County v. State* (907 P.2d 1238). The court found that the state is responsible for funding a "quality" education for every Wyoming child. This started a quarter century of Wyoming pouring its mineral wealth into its K-12 school system.

From 2017-2020, Wyoming earned the nation's highest score in Education Week's Quality Counts report, which evaluates states on overall spending and the degree to which that funding is equitably allocated across districts. In 2021, though, Wyoming fell to 3rd—behind New Jersey and New York—and declined on six of the eight graded indicators. Yet, Wyoming remains the only state in the top 10 located outside of the Northeast or Mid-Atlantic regions. In addition, Wyoming is one of only five states in which per-pupil expenditures in every school district are above the U.S. average.

The high funding levels are created by a 3-step process mandated by *Campbell County v. State*:

- Define the "basket of educational goods and services" constituting the proper education to which every Wyoming child is entitled and recalibrate this basket every five years;
- Conduct a cost of education study to determine the actual cost of providing the basket in the various sizes and locations of school districts; and
- Fund the basket.

A total revenue amount in the form of a "block grant" is provided to each school district to facilitate provision of the basket. The actual dollar amount of each district's block grant is determined by 7 formula-driven school district characteristics (number of employees, regional cost of living, inflation adjustments for salaries, materials, and energy, prior-year special education costs, pupil transportation costs, the number, size, and location of statutorily-defined "small schools," and qualification as a "small school district"). While the model calculates a formula-driven number of employees for each school district—the most important factor in determining the district's grant, each district chooses the actual number of employees.

If a district's local revenue is less than the block grant, then the state funds the difference. If their local revenue is more than the block grant, then the state

Neil Theobald, Senior Vice President, University of Wyoming

“recaptures” the difference and allocates these funds as part of the funding provided to non-recapture districts.

CHANGES TO FUNDING FORMULA FOR P-12

For 2021-22, the P-12 funding formula faced a \$270 million deficit due to eroding tax revenues from coal, oil, and gas industries. About 80% of this shortfall was covered by tapping the state’s Legislative Stabilization Reserve Account—commonly known as the “rainy day fund”. However, the state also cut more than \$50 million from state funding to K-12 schools in the 2021-22 school year—mostly by limiting health insurance reimbursements and reducing inflation adjustments for salaries, materials, and energy. In addition to formula changes, enrollment drops and lower transportation costs in many of the larger school districts lowered state allocations.

PRESSING STATE ISSUES AFFECTING P-12 EDUCATION

Extraction payments from Wyoming’s coal, natural gas, and oil industries provide 50%-70% of Wyoming’s state revenue each year. While coal continues to lag, natural gas and oil prices have both more than doubled in the last 12 months. The pressing state issue, affecting P-12 education and every other aspect of life in Wyoming, is the future of the state’s mineral-based economy. Will Wyoming continue to enjoy massive injections of mineral revenue, as it will this year, or will it be forced to

- a) Raise taxes on non-mineral sources in one of the country’s most conservative, tax-averse states (Wyoming has no personal or corporate income tax and comparatively low sales and property taxes), and/or
- b) Reduce education spending in ways that are consistent with the *Campbell* decisions.

ALTERNATIVES OFFERED BY WYOMING TO TRADITIONAL PUBLIC SCHOOLS

The State has a unique agreement with St. Stephens Indian School, which is a public K 12 school in Riverton with an enrollment of slightly more than 200 students. The State supplements funding that St. Stephens receives from the Bureau of Indian Affairs so that St. Stephens receives per-student funding equal to the amounts provided to neighboring school districts funded by this funding system.

Wyoming places the four charter schools in the state under the jurisdiction of local school boards. The State provided about \$400,000 for charter school lease payments. No private or parochial schools are eligible to become Charter Schools.

There are several alternative high schools and one alternative junior high school and several “schools of choice” – all under the jurisdiction of local school boards. All receive the same per pupil funding as other schools in the district.

A bill that failed by a significant margin in the 2021 Wyoming Legislature would have reimbursed parents for tuition or other expenses related to private school and homeschooling, with a cap of one-half of what their school district receives in per-pupil funding.

P-12 PER-PUPIL EXPENDITURE IS \$16,444 PER ADM

Allocation of State dollars and percent of the State Budget for P-12 and Higher Education · State dollars for P-12: \$1,029.9 million or 38.1% of total State dollars for higher education: \$421.7 million or 15.6% of total