WYOMING

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I. GENERAL BACKGROUND

In October 1993, four of Wyoming’s larger school districts and the Wyoming Education Association sued the State of Wyoming, asserting that the state’s formula for funding public schools was unconstitutional. An initial district court decision partially upheld the state formula, but in November 1995, the Wyoming supreme court, in *Campbell County v. State*, 907 P.2d 1238 (Wyo. 1995), unanimously struck down the entire state system for funding public schools.

The Court directed the Legislature to: (1) define the “basket” of education every Wyoming child should receive – the best we can do, not just a minimal education; (2) undertake cost of education studies to determine the actual cost of providing the basket in the various sizes and types of school districts, taking into account the needs of different kinds of students; and (3) fund the basket – in that order.

Elaborating on these points, the justices noted that the restructuring of the system should not involve transferring money between districts; rather, there should be a pie large enough to fund the total need, so there would be no “losers” in the system. The Court described five criteria for a quality education, including: small schools, small class size, low teacher/student ratios, textbooks, low personal computer/student ratios; integrated, substantially uniform curriculum decided at the state level with input from local school boards; appropriate provisions for at-risk, special problem and talented students; standards for course content and knowledge attainment with the goal of equipping all students for entry to the University of Wyoming, the community colleges, or other educational programs; assessment of students’ progress in core curriculum and skills.

The Court directed the Legislature to state and describe a “proper” education for each Wyoming school child, regardless of locality. The proper education must be essentially identical in terms of providing equal opportunity for a quality education to all. Upon determination of the components of a proper education, the Legislature was then required to establish a system for providing that proper education to each student. The delivery system must allow for change over time,
as the proper education is not a static concept, and must also include adequate physical facilities.

The Court specified that lack of financial resources would not suffice in failing to provide the proper education.

Legislative efforts resulted in the enactment of major school reform legislation during a special session held early June 1997. As there was insufficient time to fully implement reform measures by school year 1997–1998, a major portion of the adopted reform provisions were not applicable until the 1998–1999 school year, with some components phased-in thereafter.

**Funding Summary 1998–99**

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>Amount (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State School Aid (All Programs)</td>
<td>$ 312.5</td>
</tr>
<tr>
<td>Grants in Aid</td>
<td>312.5</td>
</tr>
<tr>
<td>Teacher Retirement Contributions</td>
<td>0</td>
</tr>
<tr>
<td>FICA</td>
<td>0</td>
</tr>
<tr>
<td>Total Local School Revenue</td>
<td>$ 283.1</td>
</tr>
<tr>
<td>Property Tax</td>
<td>212.2</td>
</tr>
<tr>
<td>Other local source tax revenue</td>
<td>42.5</td>
</tr>
<tr>
<td>Local source non-tax revenue</td>
<td>28.4</td>
</tr>
<tr>
<td>Total Combined State and Local School Revenue</td>
<td>$ 595.6</td>
</tr>
<tr>
<td>State Financed Property Tax Credits Attributable to School Taxes</td>
<td>0</td>
</tr>
</tbody>
</table>

**II. LOCAL SCHOOL REVENUE**

There are 48 school districts in Wyoming.

Property taxes are the major source of revenue for the school districts. This revenue comes in the form of a countywide 6 mill school levy, that is distributed to districts according to the district’s percentage of county-wide ADM for the prior school year and revenues generated under the district-wide 25 mill school levy. (If these local resources exceed the state “guarantee” that a district is entitled to, the district is considered a “recapture” district and the state recaptures the
entire excess amount and places the funds into the State School Foundation Account.) Residential property is assessed at 9.5% of market value, commercial property at 11.5% of market value, and minerals at 100% of market value. Other sources of revenue include fines and penalties and motor vehicle registration fee allocations, state common land income payments, forest reserve funds, and Taylor Grazing Act revenues.

III. TAX AND SPENDING LIMITS

Wyoming has no limitations that are placed on either taxation or spending. A balanced budget is required of each legislative session so new revenues must be found rather than allowing the state to deficit spend. There are no requirements for voter approval of budgets.

IV. STATE EARMARKED REVENUE

Entitlement payments to school districts are made by the State Department of Education from amounts available within the School Foundation Program Account. Available amounts are established by Legislative appropriation as a part of the state biennial budget process and generally supplemented during the subsequent general session. Dedicated revenue sources available to the account are as follows: Statewide levy. The twelve mill statewide property tax authorized by the Wyoming Constitution and dedicated for school purposes; Motor vehicle county registration fees. A share of the county motor vehicle registration fees based upon the ratio that the twelve mill school levy bears to all other property taxes; Railroad car company taxes. Similar to the county registration fees, a proportionate share of the tax on railroad car companies based upon the ratio that the twelve mill school levy bears to all other property taxes; Federal mineral royalties. Forty-four and eight-tenths percent of all federal mineral royalties accruing to the state; Recapture. All monies recaptured from school districts with local resources exceeding 100% of the guaranteed foundation program amount; Pooled interest. Interest paid to the state in proportion to the amounts derived from account investments.

In addition to these traditional revenue sources permanently dedicated to the account, various state revenues have been used to augment the account as necessary to enable entitlement payments. Revenues within or earmarked for the budget reserve account, the highway fund and water development accounts have been tapped for this purpose, with the state general fund most often used.
V. BASIC SUPPORT PROGRAM


Percentage of Total State Aid: N/A.

Nature of Program: Foundation.

Allocation Units: Average Daily Membership (ADM).

Local Fiscal Capacity: Assessed property valuation.

How the Formula Operates: The Education Resource Block Grant Model (commonly referred to as the MAP model) provides the Legislature a mechanism to ensure each Wyoming student receives an equal opportunity to receive a proper education (legislatively determined basket of education goods and services) by specifying the instructional and operational resources necessary to provide this basket. The model accomplishes this by systematically determining the competitive market costs of educational operating resources and aggregating these costs within each school district. 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 the block grant is a function of an interaction between the model components necessary for implementation of the basket and the characteristics of the schools and students within a particular district.

1. Average Daily Membership (ADM)
The model uses students, measured by ADM, as the basis upon which resources are distributed – it simply represents the aggregate number of students present compared to student absences and the number of days schools are in session. ADM is based upon prior year student enrollments; To compensate for annual student enrollment fluctuations, ADM is averaged over three prior years; ADM for kindergarten students is divided by two to reflect half day kindergarten programs and to generate full-time equivalent (FTE) attendance.

For any school year the ADM may be recomputed to compensate for any significant increase in student enrollment during that school year. This “recalculation” is made if during the first 60 days of the school year, the ADM of a district has increased by either 100 or 10% over the same time period during the previous school year. Additionally, a recalculation of ADM is made if by February 1 of the school year, student enrollment has increased by 15% over the first 60 days of the prior school year.
2. Model Prototypes
A “prototype” is constructed for three different grade-level groupings, with enrollment and class sizes specified for each grouping. Different assumptions are made for each of the three school prototypes as to the resources and associated costs necessary to provide the basket. These resources or cost elements are values used by the model to determine overall education operating costs and to compute school district operating revenue eligibility.

The model is based upon the following grade-level configurations and sizes:

<table>
<thead>
<tr>
<th>Grade-Level Grouping</th>
<th>Class Size</th>
<th>School Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary (Grades K–5)</td>
<td>16</td>
<td>288</td>
</tr>
<tr>
<td>Middle (Grades 6–8)</td>
<td>21</td>
<td>300</td>
</tr>
<tr>
<td>High School (Grades 9–12)</td>
<td>19</td>
<td>600</td>
</tr>
</tbody>
</table>

The model assigns students to the appropriate prototypical grade-level grouping in the event a district uses grade-level groupings different from the prototypes. It is important to note that the prototypical school configuration is used only to compute school district revenue eligibility – the model does not dictate practice.

The model assigns dollar values to each defined characteristic or component within each prototypical school. The dollar values represent cost elements.

3. Prototype Components

Twenty-five specific cost components necessary to deliver the basket are contained within the prototype for each grade-level grouping. These cost components can be grouped into five major categories, as follows:

- Personnel
- Supplies, Materials, Equipment
- Special Services
- Special Student Characteristics
- Special School/District/Regional Characteristics

(A) Personnel
Personnel costs consume a significant majority of the total operational budget for any school district. The primary determinant of the number and type of positions a district requires is class size. The model separates
personnel into two categories based upon levels of professional and occupational training and required state licensure.

An adjustment for differences among districts in the seniority of teachers is included within the aggregate cost factor for certified personnel, which is commonly referred to as the *teacher seniority adjustment*. The adjustment provides equity among districts resulting from seniority differences by comparing the cost of seniority for each district to the statewide cost for seniority. (There is a cap of 20 years maximum for experienced teachers.)

(B) Supplies Materials and Equipment.
Per student costs for supplies and materials are based upon data reflecting existing school district practice, and vary by prototypical school to capture instructional program differences. The equipment cost component is designed to reflect district expenditures for equipment items used for instructional purposes such as computers, calculators, scientific displays, vocational education equipment and specialty items such as gymnastic equipment.

(C) Specialized Services.

**Food Service.** With the exception of schools eligible for the small school adjustment, the model assumes food service is self-sustaining.

**Student Activities.** District expenditures for this component vary significantly between high and low revenue (rich and poor) districts. The model imputes a statewide average per pupil cost for this component, varied according to prototypical school type. Additionally, the small school adjustment provides reimbursement for actual student activity expenditures and the transportation adjustment provides reimbursement for student transportation expenditures associated with activities.

**Professional Development.** The model incorporates a cost component for professional development to provide districts the ability to ensure instructional personnel have regular access to training.

**School District Operation.** Maintenance and operation, administration, transportation and student assessment are expenditure categories incorporated within the model formula to reflect costs assumed to be
borne by the district to serve the schools within its boundaries. These components are costed on a per student basis, varied by school prototype.

Maintenance and operation expenses are computed as a function of ADM. Annual payments to districts for major maintenance needs are separate from maintenance and operation costs (often referred to as routine maintenance) imputed under this component.

Administration expenses are intended to address district expenditures for functions such as central district administration, business administration and local school board expenses. Also, expenditures for transportation incurred by district employees and officials.

Transportation expenses reflect district incurred costs for actual home-to-school and student activities transportation and are computed on a statewide per student average cost basis. The model also provides reimbursement for school bus purchase/lease capital expenditures incurred by districts through an adjustment to the prototypical model.

Assessment is a cost component reflecting district expenditures for administering student assessments conducted by the district apart from and in addition to the statewide student assessment program.

(D) Special Student Characteristics.
The model attempts to avoid segregation of students with special needs by assuming resources for small schools, small class sizes, teaching specialists and professional development sufficient to enable teachers to deal more effectively with special needs students within the classroom setting. The model identifies four categories of special students: Special Education; Gifted Students; Limited English Proficient Students; Economically Disadvantaged Youth.

(E) Special School/District/Regional Characteristics.
The model recognizes the uniqueness of individual schools, districts and the regions of the state in which they are located. Accordingly, specific adjustments to the prototypical models are made to account for these differences.

Necessary Small Schools. Population sparsity or geographic features peculiar to Wyoming may necessitate district operation of small schools. The Legislature does recognize that the operation of small schools
generally costs more due to significant diseconomies of scale as fixed costs are spread over relatively few students. To ensure delivery of the basket to students attending small schools, the model disproportionately subsidizes small schools to compensate districts for these additional operating costs.

Model adjustments are made for both necessary small elementary schools, defined as kindergarten through grade eight with 200 students (ADM) or less for the current school year and the two preceding school years, and for necessary small high schools, defined as grades nine through twelve with 400 (ADM) or less for the current and preceding two years. An additional adjustment on top of the small school adjustment is made for unusually small elementary schools, defined as 30 or fewer K–8 ADM, and unusually small high schools, defined as 48 or fewer 9–12 ADM.

To prevent subsidizing small schools existing only for purposes of satisfying local preferences or generating additional district revenues, and in consideration of the fact that little economic justification exists for subsidizing a school in one building or on a single site as if it were two or more small schools, the model imposes several other eligibility qualifications for the small school adjustment for schools established on or after July 1, 1999, including a requirement restricting proximity to other schools and specifications for enrollment in consecutive grades:

An area of not more than one-fourth mile in radius on which facilities are located where students receive a majority of district educational programs comprises a school area. Not more than one necessary small elementary and one necessary small high school may exist within any school area.

If students are enrolled in grades 9–12 within the same school area, a necessary small elementary school must have enrollment within at least three consecutive grades in kindergarten through grade 8 unless the total ADM for all schools within that school area is less than 50.

A necessary small high school must have enrollment within at least three consecutive grades in grades nine through twelve.

**Local and State Share in Funding:** Local share is the districts portion of a 6 mill county property tax levy plus a 25 mill local property tax levy.
Weighting Procedures: Weighting is calculated within the determination of the “education basket.”

Adjustments for Special Factors:

Small District Adjustment. Similar to the rationale for an adjustment for necessary small schools, the model incorporates an additional adjustment to compensate small school districts for disproportionate fixed costs incurred in delivering the basket to resident students. This adjustment applies to districts under 1350 ADM and provides additional funds for small districts operating schools in more than one community, for small district administrative costs and for district maintenance and operations funds.

Regional Cost-of-Living Adjustment. To compensate for differences in the real costs of providing the basket in different regions of the state, the model provides an adjustment based upon a revenue index calculated from consumer prices. The revenue index used by the model is a modified version of the Wyoming Cost-of-Living Index (WCLI) that includes 140 separately priced items, aggregated into several categories consisting of housing, transportation, food, recreation and personal care, and apparel, and weighted in the order presented. (Note that medical costs and rental for housing is eliminated.)

The WCLI adjustment is applied to eligible district personnel costs and uses Albany and Laramie counties as the basis to which all other counties are adjusted.

Aid Distribution Schedule: Not reported.

Districts Off Formula: 5 districts.

VI. TRANSPORTATION

Funding in 1998–1999: $30.6 million.

Percentage of Total State Aid: 9.5%.

Description: Operations and Maintenance. Commencing on July 1, 1999, for each school district, the statewide average cost of transporting students included within the finance model is replaced by 100% of actual district transportation operations and maintenance expenditures for the preceding school year, subject to certain limitations. It includes expenditures for all student transportation, both home-to-
school and student activities. Student activities eligible for inclusion in the transportation operations and maintenance expense reimbursement are subject to certain statutory limitations and rule and regulation of the State Department of Education, and include activities sanctioned by the Wyoming High School Activities Association as well as those school sponsored activities in grades preceding high school which directly correspond to the sanctioned high school activities.

School Bus Purchases/Leases. The transportation adjustment also includes reimbursement for district capital outlay expenditures for buses and other vehicles used primarily for student transportation. The adjustment applies to school bus purchase/lease expenditures occurring after March 1, 1998, and consists of 100% of actual district lease payments made during the prior school year and 20% of total bus purchases made by the district during the preceding five school years, which results in 100% reimbursement of total purchases over time. District vehicle fleets were effectively frozen in size as of February 10, 1999.

Extent of Participation: Not reported.

VII. SPECIAL EDUCATION

Funding in 1998–1999: $43.9 million.

Percentage of Total State Aid: 13.7%.

Description: Commencing July 1, 1999, the statewide average cost for special education programs is removed from the base formula for each district and is replaced by 100% of the actual allowable district special education expenditures for the preceding school year subject to limitations. Allowable special education expenditures include district programs and services for students with disabilities as identified under federal law. Prior to July 1, 1999, state funding was 85% and local funding was 15%.

Extent of Participation: Not reported.

VIII. COMPENSATORY EDUCATION


Percentage of Total State Aid: less than 1%.
Description: Commencing July 1, 1999, this program will no longer exist. Previously, districts applied for funds based upon the percentage of district-wide students at or below the 20th percentile as measured by the district’s standardized test, but who were not identified as learning disabled students. These students were identified as “at risk” or simply needed some remediation in subject matter areas such as reading or math.

Extent of Participation: Not reported.

IX. GIFTED AND TALENTED EDUCATION


Percentage of Total State Aid: less than 1%.

Description: Funding is based upon the local district identifying the criteria for giftedness, how they identify such criteria, and the development of a program plan to serve those students. Up to 3% of the district’s total enrollment may be identified as gifted.

Extent of Participation: Not reported.

X. BILINGUAL EDUCATION

Up until now, Wyoming has had no special funds for this area. Commencing July 1, 1999, resources are to be available under the finance model for Limited English Proficient Students.

XI. EARLY CHILDHOOD EDUCATION

Wyoming does not fund any programs below kindergarten in its school finance formula.

XIII. TEACHER RETIREMENT AND BENEFITS

Teacher retirement and FICA contributions are made by the local district from general fund revenues. All 48 districts pay all or part of the employees share of the retirement contribution at a rate or 5.57% of salaries. There is no state aid that directly supports such contributions. Since the state does not set teacher salaries, the payment of the employees portion is contingent upon the negotiated contracts within each of the school districts.
Extent of Participation: Not reported.

**XIV. TECHNOLOGY**

Technology is considered to hold promise for improved student knowledge, especially in Wyoming’s small remote schools. In addition to including a school finance model component providing per student equipment funding within the total block grant amount, the Legislature has provided incentive payments for the foundation program account for programs involving distance learning technology, as well as significant funding, $11 million over a two year period, for implementation of the Wyoming Education Technology Plan. The Plan provides a structure for implementing and integrating technology into educational programs, with data connectivity between all schools to be accomplished as of July 1, 1999, and interactive two-way video capability within all high schools by July 1, 2001. Funding is phased-in over time to accomplish these goals. Technology is also addressed through a technology readiness factor included within the statewide assessment of school building and facility needs used in prioritizing statewide capital construction needs. The readiness component assesses the existence of required building and facility infrastructure to support informational technology and associated equipment.

**XV. CAPITAL OUTLAY AND DEBT SERVICE**

In its November 1995 decision, the State supreme court required the school finance system to include a component ensuring the adequacy of facilities for delivering the education basket to Wyoming students. Any system for building adequacy cannot be based upon the wealth of the district. That is, the assessed valuation of the district cannot excuse deficiencies in facilities. Likewise, the manner in which any financial burden is placed upon taxpayers in providing adequate facilities must be equitable.

The Wyoming Constitution places a limit on the ability of school districts to create debt for school facilities. That limit is 10% of the assessed valuation (taxable property) of the district. The legislative response consisted of a school capital facilities system comprised of a process mechanism to establish statewide building adequacy, a funding mechanism to ensure building adequacy needs are addressed in a timely manner, and a program designed to address major building maintenance and repair needs.
The state capital facilities system maintains local district participation in addressing facility adequacy needs. Under this system, districts continue to be granted authority to issue bonded indebtedness for purposes of addressing district capital construction and building adequacy needs. To the extent a district participates through bonded indebtedness, the state provides for some equity among taxpayers through mill levy supplement payments. These payments are such that each mill, over the first two mills, levied by the district for the payment of outstanding general obligation bonds is as if the assessed valuation of the district is equal to 150% of the statewide assessed valuation per ADM. In other words, if the assessed valuation per ADM of a district is below 150% of the statewide average, that district is provided sufficient funds to supplement its mill levy up to this level.

The system anticipates districts will, to the extent capable under constitutional limitations, issue bonded indebtedness necessary to address building adequacy needs. For those districts in which adequacy needs exceed the ability to issue debt, capital construction assistance is available upon application to the state.

State funding for emergencies is available upon application to the state. Districts are also assisted by the state through a “bond guarantee program” under which the state pledges specified permanent state funds as a guarantee for certain district bond issues for purposes of reducing the cost of bond issuance.

XVI. STANDARDS/ACCOUNTABILITY MEASURES

Description: The Wyoming Comprehensive Assessment System (WyCAS) was established by state law in June, 1997. It ordered the State Superintendent, in consultation with a Statewide Assessment Design Team, to develop and implement a statewide assessment system. The statewide assessment system is designed to complement local district assessments and consists of both standards-based and norm-referenced testing instruments. The statewide tests are closely aligned to the education program standards, assess math, reading and writing and are administered at grades 4, 8, and 11. Local district assessments assess the remaining components of the basket or common core of knowledge and skills, in grades other than four, eight and eleven. The first WyCAS was administered in April, 1999. Funding was set at $3.4 million for a 2 year period.

Extent of Participation: Not reported.
XVII. REWARDS/SANCTIONS

Other than some minor financial incentives when two or more districts pool their resources for purchasing supplies and equipment, there are no significant incentives in current law. Also, there are no sanctions built in with the exception that certification could be pulled if a superintendent fails to meet local district school building needs.

XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS

Wyoming has a charter school law that places all such schools under the jurisdiction of local school boards. No private or parochial schools are eligible to become Charter Schools. There are several alternative high schools and one alternative junior high school; several “schools of choice” – all under the jurisdiction of local school boards. All receive the same per pupil funding as regular students.

XIX. AID TO PRIVATE SCHOOLS

Wyoming’s Constitution strictly forbids state funding for non-public schools.

XX. RECENT/PENDING LITIGATION

The original plaintiffs in the School Finance Lawsuit (joined by several other districts) have filed petitions to the courts claiming that the Legislature has not met the requirements set forth in the November, 1995, Wyoming supreme Court decision in Campbell County v. State, 907 P.2d 1238 (Wyo. 1995).

XXI. SPECIAL TOPICS

N/A.