



# ***MEMORANDUM***

**To:** Representative Del McOmie, Co-Chair, Joint Education Committee  
Senator Hank Coe, Co-Chair, Joint Education Committee

**From:** Lawrence O. Picus

**RE: Student Activities in the Wyoming School Funding Model**

**Date:** November 20, 2007

One of the issues you asked Lawrence O. Picus and Associates to consider is the allocation of funding for Student Activities in the Wyoming Funding Model. This memo outlines our findings and preliminary recommendations related to this issue.

## **Background**

In the 2005 recalibration of the Wyoming School Funding model, there was some question as to how to develop a cost based funding model for student activities. The problem is that there is very little research on the "costs" of activity programs, and considerable difference across schools and school districts as to the number of activities offered to students.

During the recalibration, Lawrence O. Picus and Associates suggested a funding figure of \$260 per ADM to fund all district student activity programs. This figure was derived from the average per ADM expenditures of school districts for student activity programs in 2003-04 (\$250 per ADM) as presented to the Recalibration committee by representatives of the school districts. That figure was increased by a cost adjustment of four percent to \$260 per ADM for the model base year of 2006-07. The 2007-08 ECA was 3.8% making activities funding for the current year \$269.88. The Joint Appropriations Committee has recommended an ECA of 4.3% for 2008-09 which would produce an activities funding level of \$281.48 per ADM.

Before making that recommendation, we attempted a number of analyses in an effort to develop a more cost based approach. We ran a series of regression models that attempted to estimate the impact of student enrollment on activity expenses (assuming that as enrollments increased, the per pupil costs of student activity programs would decline). Several school districts did not report any student activity expenditures, and for those that did, our estimates of per pupil revenue needs were considerably higher than the \$250 per student reported by the districts themselves.

At the same time, representatives of the school districts indicated that they felt funding for student activities was inadequate, citing the following factors:

1. The relatively small size of Wyoming schools and the resultant diseconomies of scale that required high funding levels
2. The distances schools must send children to compete in athletic events and the resulting high costs (although it should be noted that transportation costs for student activities are reimbursed outside the model through the transportation reimbursement).
3. The wide variation in the number of activity programs offered at Wyoming schools.

Because there was general agreement that current expenditures were not adequate, and that there are substantial differences in per pupil spending based both on school enrollment and school level, a group of school business managers developed a funding structure for student activities that was eventually accepted by the Legislature and included in the Wyoming Funding Model.

WDE data for 2006-07 show that the student activities model provided school districts with \$28,987,467 in revenue and that the school districts actually spent about \$1.2 million less than that (\$27,661,754). This amounted to an average of \$341 per ADM, or \$20 per Elementary, \$378 per middle school and \$862 per high school student.

Moreover, some districts spent considerably less than the funding model provided while others spent substantially more than the model provided. These differences ranged from an over expenditure of nearly half a million dollars to an under expenditure of just over \$1 million. And data provided by WDE suggest that the number of activities per school/district varies considerably – and often from year to year depending on the staff available at each school.

This leaves the question about what a truly cost based funding stream would look like. One approach is to compare activity costs with other states. Unfortunately, data at this level of detail for activities are not readily available. National sources do not drill down to activity data, and individual state websites don't show that level of detail either.

An alternative was to seek information from the Education Research Service (ERS). In the past they have collected fiscal data from member school districts for comparisons. In talking with Nancy Protheroe of ERS (November 6, 2007) we learned that data on net student activities (total expenditures minus parent and student contributions and payments) was last collected in 2000-01. Since that time many data points were left off the survey to streamline the survey and enhance participation. In 2000-01 the ERS sample districts spent \$61.54 per student for activities programs or approximately 0.88% of total operating funds. Using the CPI-U (<http://www.bls.gov/news.release/cpi.nr0.htm>, November 7, 2007) percentage increase for 12 months ending in December, the cumulative percentage increase amounts to 16.1% bringing the figure to \$71.43 per pupil, substantially below Wyoming's current activity spending.

Looking at the figures another way, the average in the ERS districts was 0.88% of total operating funds, where as in Wyoming the \$28 million in revenues for student activities represent nearly 3% of total operating revenues, approximately three times what the ERS sample districts spent on student activities.

## **Options for Wyoming**

There appear to be two viable options for Wyoming. The first is to continue the existing system, the cost of which will increase by the amount of the ECA for each year into the future. The second is to settle on some per ADM figure that represents a cost based estimate of the costs of student activities and then use that estimate (adjusted by the appropriate ECA) to fund student activities.

What is most obvious from this analysis is that while there is tremendous variation in per pupil spending on student activities in Wyoming, all districts have available revenue for this component of school spending that far exceeds what appears to be the level of resources in other states, both in dollar and percent of total amounts. This level of support is enhanced substantially by the fact that most of the transportation costs associated with student activity programs in Wyoming school districts are paid through the transportation funding component outside of the model. Since most other states do not provide this level of funding for student activity transportation, and even in states that do allow student activity transportation as state supported function, none of them provide 100% reimbursement like Wyoming. The effect of Wyoming's transportation reimbursement policy is to make Wyoming's student activity expenditures even higher in comparison to other states.

## **Recommendation**

Student activities are an important component of any education program. We agree that providing adequate cost based funding for student activities should remain a priority of the Legislature, but based on comparisons with other states (many of which face similar issues of school/district size and travel distances) we continue to believe that the \$260 per ADM figure (adjusted since 2004-05 to a total of \$281.48 per ADM) remains a cost based and adequate level of funding for student activity programs.