

FISCAL NOTE

This bill creates the Education Savings Account Program (ESA Program) and is administered by the State Treasurer, which will begin in school year 2024-2025.

This bill contains an appropriation of \$30,000,000 from the GENERAL FUND, effective immediately, to the Wyoming Freedom Scholarship Program Account, which is created by this bill. The Wyoming Freedom Scholarship Program Account consists of funds appropriated by the Legislature, designated or transferred to the fund by law, and investment earnings on the fund.

	FY 2024	FY 2025	FY 2026
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase/(decrease)			
SCHOOL FOUNDATION PROGRAM ACCOUNT	(\$22,176,000)	(\$44,352,000)	(\$44,352,000)
WYOMING FREEDOM SCHOLARSHIP PROGRAM ACCOUNT	\$22,176,000	\$44,352,000	\$44,352,000

Source of revenue increase and (decrease):

This bill, beginning January 1, 2024, redirects 50 percent of the federal mineral royalties (FMRs), under the \$200,000,000 distribution cap, from the School Foundation Program Account to the Wyoming Freedom Scholarship Program Account. The redirection of FMRs results in an estimated revenue decrease of \$22,176,000 in FY 2024, \$44,352,000 in FY 2025, and \$44,352,000 in FY 2026 to the School Foundation Program Account and corresponding increase to the Wyoming Freedom Scholarship Program Account. The estimated revenue increase and decrease utilize the January 2023 Consensus Revenue Estimating Group forecast for federal mineral royalties.

Source of expenditure increase:

The fiscal impact, in the form of an expenditure increase from the Wyoming Freedom Scholarship Program Account and Legislative Stabilization Reserve Account (LSRA), is indeterminable. The ESA Program authorizes any school-aged Wyoming resident to receive \$6,000 each year, as adjusted by the State Treasurer for costs of inflation, to pursue an education with an education service provider. The funds are disbursed to each eligible student's Education Savings Account monthly. An education service provider under this bill is broadly defined and includes "a person or organization that receives payments authorized by a parent from education savings accounts to provide educational goods and services to ESA students." This bill transfers necessary funds from the LSRA, so long as the balance of the LSRA is greater than \$500,000,000, to the Wyoming Freedom Scholarship Program Account to fund each eligible student's Education Savings Account if funds in the Wyoming Freedom Scholarship Program Account are insufficient.

The State Treasurer may withhold from deposits or deduct from Education Savings Accounts, up to 5 percent annually in the first two years of the ESA program and up to 3 percent annually thereafter, for costs of administering the ESA Program.

If at the end of a fiscal year the State Treasurer determines that the amount in the Wyoming Freedom Scholarship Program Account is more than \$30,000,000 and is more than 150 percent of the amount required to fund all approved Education Savings Account awards for that fiscal year, the excess amount shall be transferred to the

School Foundation Program Account. Any transfer under this requirement is indeterminable.

The Wyoming Department of Education indicates there are approximately 5,000 school-aged Wyoming residents that are not currently enrolled in public schools. If all of these residents were to partake in the ESA Program, it would cost approximately \$30,000,000 annually, not adjusted for costs of inflation as determined by the State Treasurer. Additionally, if a current public education student that is counted among a Wyoming school district's average daily membership (ADM) were to participate in the ESA Program, the student may be funded simultaneously in the ESA Program and the K-12 education resource block grant model since the K-12 education resource block grant model uses prior school year ADM in its calculation. Once the student is no longer counted among the school district's ADM used within the K-12 education resource block grant model, the student would only be funded through the ESA Program.

This bill creates a seven-member Parent Review Commission, appointed by the State Treasurer, to assist the State Treasurer in determining whether questionable expenditures meet the requirements to be considered qualifying expenses and to provide recommendations on how to implement, administer and improve the ESA Program.

NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

State Treasurer's Office

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