

SERVICES CONTRACT

WYOMING LEGISLATIVE SERVICE OFFICE AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

The Legislative Service Office, hereinafter referred to as "LSO", and Lawrence O. Picus and Associates, LLC (DBA Picus Odden and Associates), hereinafter referred to as "Consultants", agree as follows:

Description of Services

Consultants will provide professional consulting services to LSO on an as-requested basis. The services will deal with aiding LSO in their work for the Wyoming State Legislature in the matter of modifying, maintaining and operating the recalibrated Wyoming education resource block grant model (ERBGM) as enacted by the 2011 Wyoming State Legislature (2011 Wyoming Session Laws, Chapter 185), assembling model monitoring information and reports required under W.S. 21-13-309(u), and in reviewing work products resulting from legislative study of the Wyoming education accountability system pursuant to W.S. 21-2-204. The work will include preparation of a desk audit of the ERBGM as currently enacted to identify areas or items that require additional investigation and review during the 2015 recalibration required by W.S. 21-13-309(t). LSO may request Consultants to provide consulting services in other related matters as well. The services may include consultations in person, by telephone or through electronic means, preparation of written opinions and research briefs, technical guidance, meetings in Wyoming with LSO and other concerned parties, presentations to the Legislature and modeling of the ERBGM.

Period of Performance

The period of performance under this contract shall be from April 1, 2014 to June 30, 2016.

Consideration

Consultants will provide the services described above on an as-requested basis and will be reimbursed on a time and expenses basis. The Agency shall approve the estimated budget in advance of commencement of work by email for any task assigned to Consultant. Consultants will invoice LSO monthly for services rendered. Reimbursement will be based on the following rates and actual expenses. Total reimbursement to Consultants under the terms of this contract shall not exceed one hundred thousand dollars (\$100,000.00). Invoices will reflect the actual hours and expenses incurred.

Principal Partners @ \$312.50 per hour
Principal Consultants @ \$225.00 per hour
Senior Consultants @ \$200.00 per hour
Consultants @ \$187.50 per hour
Associate Consultants @ \$150.00 per hour
Research Consultants @ \$93.50 per hour
Administrative @ \$31.25 per hour

SERVICES CONTRACT: WYOMING LEGISLATIVE SERVICE OFFICE
AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

Clerical @ \$20.00 per hour

Reasonable travel and related expenses will be reimbursed at actual cost:

- Air travel is at coach rate;
- Mileage reimbursed at nontaxable federal rate;
- Lodging and meals are reimbursed at actual cost;
- Incidental expenses are reimbursed at actual cost;
- Receipts are required for air fare, lodging and meals costing more than \$15.00.

Independent Contractor Status

The relationship of Consultants to LSO is that of an independent contractor and nothing herein shall be construed as creating any other relationship. Consultants shall comply with all laws and assume all risks incident to its status as an independent contractor. This includes, but is not limited to, responsibility for all applicable federal and state taxes, associated payroll and business taxes, licenses and fees, and such insurance as is necessary for Consultants' protection in connection with work performed under this agreement.

Disputes

It is mutually agreed and understood that this contract shall be governed by the laws of the State of Wyoming, both as to interpretation and to performance, and that any action at law, suit in equity, or judicial proceeding for the enforcement of this contract, or any provision thereof, shall be instituted and maintained in any court of competent jurisdiction in Cheyenne, Wyoming.

Pending final determination of any dispute hereunder, Consultants shall proceed diligently with the performance of this contract.

Release of Information

Consultants agree not to release any information gathered or developed under this contract without the prior approval of LSO. All documents and data developed under this contract are and remain the property of LSO. Consultants agree that LSO may reuse any and all data or documents described herein in its sole discretion without first obtaining its permission and without any payment of any monies to Consultants therefor. However, any reuse of the documents or data by LSO on a different project shall be at its risk and Consultants shall have no liability where such documents or data are reused.

Termination

Either party may unilaterally terminate this Contract, in whole or in part because of failure to fulfill the obligations of this Contract in any respect with at least thirty (30) day's notice. In such case, a Notice of Termination specifying the nature, extent and effective date of termination will be sent. If terminated by LSO, the written notice shall be sent to Consultants, addressed as follows:

SERVICES CONTRACT: WYOMING LEGISLATIVE SERVICE OFFICE
AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

Lawrence O. Picus
Lawrence O. Picus and Associates, LLC
4949 Auckland Ave.
North Hollywood, CA 91601
Fax: (818) 980-1624
Email: lpicus@picusodden.com

All notices sent to the above address shall be binding upon Consultants unless said address is changed by Consultants in writing to LSO. If this Contract is so terminated, Consultants shall be paid for all services provided prior to the date of receipt of such notice.

Prior Performance

Services performed by Consultants pursuant to written LSO authorization, but before execution of this contract, shall be considered as having been performed subject to the provisions of this contract.

Sovereign Immunity

The State of Wyoming and LSO do not waive sovereign immunity by entering into this Contract, and specifically retain immunity and all defenses available to them as sovereigns pursuant to Wyo. Stat. § 1-39-104(a) and all other state law.

Applicable Laws

This contract shall be construed and interpreted solely in accordance with the laws of the State of Wyoming.

Entire Agreement

It is expressly understood and agreed to by the parties hereto that this writing represents their entire agreement, wholly superseding any prior negotiations, offers, or agreements made by them, their agents, or employees.

**LAWRENCE O. PICUS AND
ASSOCIATES, LLC**

**WYOMING LEGISLATIVE SERVICE
OFFICE**

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

SS# or
FEID #: _____

SERVICES CONTRACT: WYOMING LEGISLATIVE SERVICE OFFICE
AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

MEMORANDUM

To: Dave Nelson

From: Larry Picus and Allan Odden

Subject: **Work Plan for Desk Audit of Wyoming School Funding Model**

Date: June 27, 2014

Copies: Matt Willmarth and Tania Hytrek

The purpose of this memo is to provide a work plan for an initial desk audit of the Wyoming school funding model. The desk audit is the first step of the 2015 recalibration process and will be used by officials in Wyoming to provide guidance on model recalibration as required by the Wyoming Supreme Court. This document outlines the approach we will take to complete the desk audit and provides an estimated budget for that work. The work will be conducted by our firm's principals, Lawrence O. Picus and Allan Odden, and will be completed in time to meet the reporting requirements of the Wyoming Legislature. The analysis will include four major components as follows:

1. A brief overview of the changes in Wyoming school funding since the *Campbell* Decision in 1997, focusing on the requirement to conduct periodic recalibrations and the shift in approach from the Professional Judgment model to our Evidence-Based approach in 2005.
2. A summary of the School Improvement model embedded in our Evidence-Based approach to determining a cost-based school funding formula, together with a short overview of changes in student achievement in Wyoming over the past decade.
3. A review of each element of the current funding model used to determine funding for Wyoming school districts.
4. An analysis of those model elements that we recommend be recalibrated in 2015.

Each is described in more detail below.

Overview of the Funding Model

This review will include a summary of the requirements of the Wyoming Supreme Court's ruling and the changes that have occurred since the development of the first funding model in the late 1990s. It will also include the shift from a Professional Judgment based model to the Evidence Based model in 2005 along with the changes that resulted from 2010 recalibration.

The School Improvement Model and Student Achievement

SERVICES CONTRACT: WYOMING LEGISLATIVE SERVICE OFFICE
AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

Since 2005, our model has evolved and the specific elements, ratios and formulas included in the 2005 report have become a more explicit basis of a *school improvement model* embedded in the Evidence-Based approach. Today, the Evidence-Based model identifies both an adequate base level of resources, as well as additional resources for three categories of students with extra needs – those from poverty backgrounds usually identified as those eligible for Free and Reduced Price Lunch, those learning English and those with specific disabilities. More importantly, the model provides guidance to districts and schools on how to use those resources to dramatically improve student learning. We have bolstered this claim by conducting case studies of improving schools in several states (see <http://picusodden.com/cases-of-improving-schools/>, and our School Use of Resource Studies in Wyoming at <http://picusodden.com/state-studies/>), as well as synthesizing the research on improving schools conducted by others. We have summarized this research in three recent books: Odden & Archibald (2009), Odden (2009) and Odden (2012).

Our view of assessing a cost-based approach to adequacy today includes:

- The level of resources available to schools and districts
- How those resources are used in local schools and districts, and
- Evidence of changes in student learning.

Thus, this review will seek to determine whether the dramatic increase in education revenues in Wyoming have been accompanied by parallel increases in student achievement, and if not, whether a recalibration should include efforts to understand why achievement has lagged. To this end, this part of the review first will document the degree to which both funding and achievement have changed over the last decade. This part of the review will then more explicitly outline the model of school improvement that today is explicitly embedded in the Evidence-Based funding model and provide additional evidence on the soundness of this approach to improve student learning. To the degree that there is a mismatch between funding increases and achievement increases, this part of the desk audit may then suggest that because the funding system includes a proven effective model for moving the student achievement needle, there might be a need to determine whether education dollars could be used more effectively to attain the core goal of Wyoming’s education system – preparing more students to be college and career ready by the end of high school.

Review of Each Element of the Funding Model

The current funding formula was developed by the Wyoming Legislature in 2005 with the support of Lawrence O. Picus and Associates (today operating as Picus Odden & Associates). We developed an Evidence-Based school level-funding model for Wyoming schools (see *An Evidence-Based Approach to Recalibrating Wyoming’s Block Grant School Funding Formula*, available at http://picusodden.com/wp-content/uploads/2013/09/WY_Recalibration_report_Final_November_30_05.pdf). The elements of the Evidence-Based model are described in the report for prototypical elementary, middle and high schools. The report also outlines a series of “adequacy plus” elements added to our Evidence-Based recommendations and funded by the Legislature in 2006.

In 2010, our firm conducted a desk audit and provided subsequent in-depth analyses of a number of issues identified by the desk audit as requiring recalibration. The desk audit findings and in-depth

recalibration recommendation were considered by the Legislature as part of the five year recalibration cycle (see *2010 Cost of Education Study*, The reports are available at http://picusodden.com/wp-content/uploads/2013/09/Final_Recalibration_Report.pdf). In addition to our initial desk audit, we produced in-depth recalibration memos on the following topics:

- Small Schools
- Librarians, Library Clerks and Computer Technicians
- Recalibration of Instructional Materials and Technology Costs
- Student Activities
- Gifted and Talented
- Alternative Learning Environments
- Career technical Education
- Central Office Staff and Non-Staff Resources
- Operations and Maintenance Costs including Utilities

Since that time we have worked with the Legislature to help identify individuals to conduct studies on the Education Cost Adjustment, the Geographic Cost Index and labor market analysis of teacher salary levels.

Although the Evidence-Based model has remained generally consistent since 2005, we have made modifications to some of its elements on the basis of emerging research and work we have done in other states. The work in other states has included conducting school finance adequacy studies, recalibration of adequacy models, and reviews of existing funding approaches. We have done these studies in Arizona (2004), Washington (2006), Wisconsin (2007) North Dakota (2008, and a 2014 recalibration), Vermont (2011-12), Maine (2013), Kentucky (2003 and 2014), and Ohio (2009) in addition to our work in Wyoming. The changes made to the Evidence-Based model result from new research findings, changes in student demographics and needs, and new understanding of what constitutes effective educational practice. The changes are based on our own case studies of improving schools and work done by others to understand how schools improve. These modifications will be incorporated into the Wyoming desk audit.

The first step in our desk audit of Wyoming's school funding model is therefore to compare each element of the Wyoming model with the current version of the Evidence-Based model. For this study we will review the recommendations for the following programmatic elements that were behind the original 2005 model and the 2010 recalibration:

Staff:

- Core classes and class size
- Elective classes and class size
- Instructional coaches
- Substitute teachers
- Pupil support: guidance counselors, nurses, etc.
- Instructional aides

SERVICES CONTRACT: WYOMING LEGISLATIVE SERVICE OFFICE
AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

- Librarians
- Principals and assistant principals
- School secretarial services

Dollar per pupil figures for

- Gifted and talented services
- Career and technical education
- Professional development, training
- Technology and related computer equipment (subject to a more detailed recalibration as noted below)
- Instructional materials and formative assessments (subject to a more detailed recalibration as noted below)
- Student activities

District level:

- Central office administration
- Maintenance and operations including utilities

In addition, we also will reassess our recommendations for struggling students including:

- Tutors as the first Tier 2 intervention
- Extended day programming
- Summer school
- Extra pupil support
- English language learning students
- Students with disabilities

Our approach will be to review the research on each of the topics identified above, update the findings with new research, and determine which of our recommended formulas for 2014 have changed since our recalibration work in Wyoming in 2010. For this task, we will rely heavily but not exclusively on the updated review of the literature that is included in the 5th edition of our school finance textbook, *School Finance: A Policy Perspective*, 5th edition, McGraw Hill (2014).

As part of the analysis we will address total compensation (salaries and benefits).

Thus, the review of the elements of the Wyoming funding model will include four components:

1. A description of the research used to generate each element of the current evidenced-based (EB) model specifications and all the formulas and ratios for the current EB model.
2. A line-by-line comparison of the funding model elements with our current EB model noting where Wyoming funding levels differ from or are the same as our EB model.

SERVICES CONTRACT: WYOMING LEGISLATIVE SERVICE OFFICE
AND LAWRENCE O. PICUS AND ASSOCIATES, LLC

3. Summary information about how school districts utilize the resources compared to the funding model and thus also compared to our synthesis of how improving schools use resources– this will be derived from the LSO’s reports.
4. A written report and if required, an in-person presentation to the appropriate Legislative Committee(s) at times mutually agreed upon between the Committee(s) and our firm.

The report will include our recommendations for any elements that should be considered for a more thorough recalibration in the future. We completed a similar analysis in the recalibration work we did for North Dakota earlier this year. That report can be found at:

<http://picusodden.com/wp-content/uploads/2014/06/ND-Picus-Odden-Associates-Recalibration-Report-June-4-20141.pdf>

Budget

Our estimated budget for this work is \$88,000 plus travel expenses. It assumes 16 days of time each for Picus and Odden. This includes research and report drafting but does not include travel to Wyoming. Cost of travel (time and expenses) to and from Wyoming will be in addition to the figures below.

Budget Detail

Personnel	Daily Rate	Number of Days	Total
Picus	\$2,500	16	\$40,000
Odden	\$2,500	16	\$40,000
Total Personnel		30	\$80,000
Indirect at 10% of Personnel Costs			\$8,000
Total			\$88,000

Note: Travel (time and expenses) to and from Wyoming will be billed at actual cost above the total listed herein.