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Study Suggests Wyomingites Want to Stay the Course in State Budgeting, but Prefer Medicaid Expansion

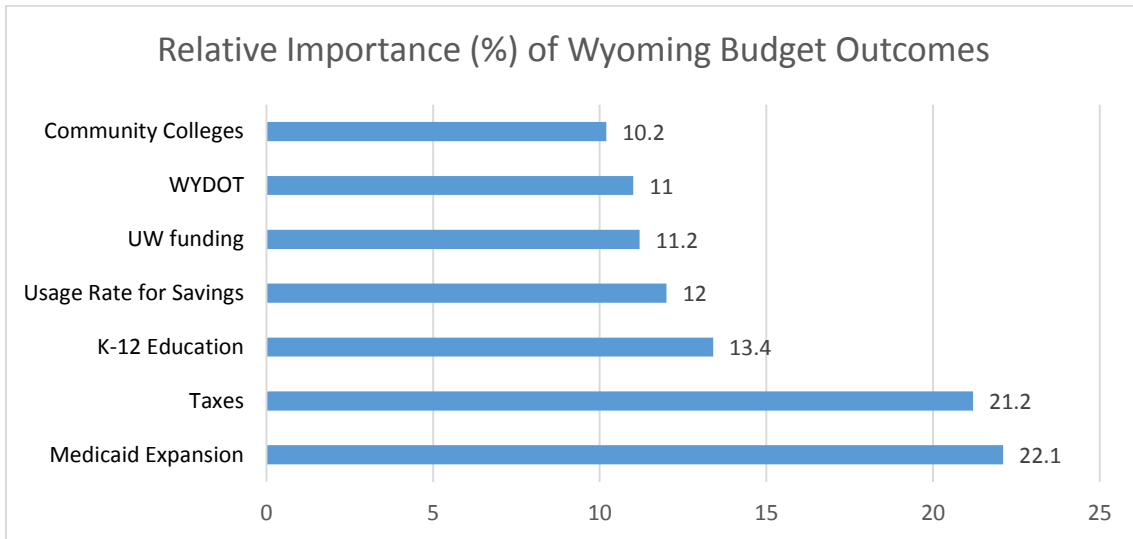
June 2, 2016 – Researchers at the University of Wyoming have deployed state-of-the-art survey methods to shed light on how Wyoming citizens feel about budget options for the state legislature in the current times of economic recession in the state. Their findings suggest that Wyomingites generally align with actions of the state legislature taken in February with the exception of the legislature’s decision to not accept federal funding for expanding Medicaid to all Wyoming residents.

Due to the dramatic drop in the price of oil in the last year, the state of Wyoming now faces a \$600 million budgetary shortfall in the next two years. This will require state legislators to make difficult choices to balance the state budget. Three options exist for the legislators in the form of 1) budget and service cuts, 2) revenue increases (taxes), and 3) varying the rate of saving (or dissaving). In the last Legislative session, lawmakers chose to opt for budget cuts and spending some savings. They are now only beginning to consider revenue increases.

In such a dire situation, the best choices to be made by the legislature would reflect citizen preferences. In early May, a research team from the University of Wyoming’s Center for Energy Economics and Public Policy fielded a state-wide survey of Wyoming citizens about the budgeting options before the state legislature. The representative sample consisted of 317 Wyoming citizens. Respondents came from each of Wyoming’s 23 counties.

Unlike more common survey methods, that elicit support for single policy choices, researchers employed a modern survey design to more accurately determine respondent preferences over the tradeoffs current budgetary choices pose. Mark Peterson, one of the researchers said “Using such methods allows respondents to more realistically consider the multiple choices facing state officials. Using such methods allows our survey to see how people view the actual tradeoffs policy-making requires between, say, raising taxes, spending savings and cutting education funding.” Presented with a series of combinations of policies to simulate the multiple choices lawmakers face, respondents had to give up some policy outcomes to gain others. In this way, researchers more meaningfully gauged the relative importance of seven policy issues to Wyoming citizens.

The results are depicted in the figure below and suggest that Medicaid expansion and taxes are the two most important policy outcomes for Wyomingites. Specifically, respondents preferred expanding Medicaid coverage to all Wyomingites (by refusing to accept federal dollars for this expansion the state spends about \$20 million each year to pay hospitals and clinics for treating uninsured patients who cannot pay their medical bills.). Additionally, the respondents did not want any changes made to the way they are currently taxed by the state. The results have a margin of error of plus or minus 4 per cent when inferences are made to all of Wyoming.



The budget outcomes and the three possible levels used in composing different bundles of outcomes for respondents to choose are presented in the table below.

Budget Outcome	Level 1	Level 2	Level 3
Change in Taxes	15% Increase	No Change	15% decrease
K-12 Education	Increase class sizes 10%	No Change	Decrease class sizes 10%
Higher education	Increase 10%	No Change	Decrease 10%
Community college	Increase 10%	No Change	Decrease 10%
State roads and highways	Increase 14.5%	No Change	Decrease 14.5%
Medicaid expansion	Partially expand by 50%	No Change	Fully expand by 100%
Agency cuts/ Use of Savings (Rainy Day Fund)	Cut state budget 6.6%	Decrease RDF 5.7% + 1% cut in state	Decrease RDF by 12.5%

As part of the survey, respondents were asked whether the bundle they chose in each of the ten choice situations would be supported, supported with concern, or not supported. Using this information, the bundle of policies that received the most support at 52.3 % included 1) expanding Medicaid coverage to all Wyomingites, 2) making no changes to taxes, K-12 education funding, UW funding, community college funding and highway funding, and 3) drawing down the Rainy Day Fund by 5.7% along with a 1 % cut in state agencies' spending for the next two years as set by the legislature in March. With the exception of expanding Medicaid, this bundle of policy outcomes aligns with the budget the legislature passed. Factoring in the fact that the Legislature chose not to expand Medicaid, support for the bundle of policies adopted dropped to 40.7%, suggesting less than a majority of Wyomingites approved of the actual budget the Legislature passed.

Including the larger cuts imposed by the Governor more recently, along with the previous budgetary actions, specifically new cuts to reduce funding further to the University of Wyoming and community colleges, support in the state dropped to 34.3%.

Dr. Robert Godby (economics), Dr. Mark Peterson (marketing) and Marketing PhD student Eric Krszjzaniek comprised the research team of the Center for Energy Economics and Public Policy. They can be reached through Rob Godby's office at 307-766-3843, rgodby@uwyo.edu.

Additional materials:

Survey results:

Baseline Result: The bundle of policies that led to no change from the budget passed by the Wyoming Legislature in March (no additional cuts in the areas indicated in the table beyond the "penny plan," no Medicaid expansion and the Legislature's decision to reduce the Rainy Day fund annually by 5.7% in the biennium with an additional 1% cut across state agencies – also known as the "penny plan," state support across all respondents was 40.7%. This suggests the true support for this plan in the state would be estimated to be between 36% and 45% given the survey margin of error of approximately 4%.

How to read this table:

The first column on the left shows the bundle of choices and the proposed change or level of use in the case of the Rainy Day fund. The second (middle) column indicates the survey result regarding the relative importance of each policy compared to the others. Note the total importance must sum to 100%. The third column indicates the level of support in the survey for the proposed policy defined by the set of choices in row 1 across the sample. In this case there is 40.7% support for the combination of policies shown.

Projected Levels of Support for Budget Proposals			
Base	Total	<input type="button" value="Reset Levels"/>	% of Sample: 100%
		<input type="button" value="Budget \$'s"/>	<input type="button" value="Non-DC Data"/>
Component Description	Level	Importance	Level of Support
Impact policy has on current ways you are taxed in Wyoming	No Change	21.2%	
Impact policy has on K-12 Education	No Change	13.4%	
Impact policy has on higher education funding in Wyoming	No Change	11.2%	
Impact policy has on the community college funding in Wyoming	No Change	10.2%	
Impact policy has on state roads and highways	No Change	11.0%	
Impact policy has on Medicaid expansion	No Change	21.0%	
Impact policy has on new revenue for the state of Wyoming	Decrease RDF 5.7% + 1% cut in sta	12.0%	
No Change			40.7%
Proposed Changes			0.0%
Final Budget			40.7%

Combination of policies with the highest support in the sample:

Projected Levels of Support for Budget Proposals			
Base	Total	<input type="button" value="Reset Levels"/>	% of Sample: 100%
		<input type="button" value="Budget \$'s"/>	<input type="button" value="Non-DC Data"/>
Component Description	Level	Importance	Level of Support
Impact policy has on current ways you are taxed in Wyoming	No Change	21.2%	
Impact policy has on K-12 Education	No Change	13.4%	
Impact policy has on higher education funding in Wyoming	No Change	11.2%	
Impact policy has on the community college funding in Wyoming	No Change	10.2%	
Impact policy has on state roads and highways	No Change	11.0%	
Impact policy has on Medicaid expansion	Fully expand by 100%	21.0%	
Impact policy has on new revenue for the state of Wyoming	Decrease RDF 5.7% + 1% cut in stat	12.0%	
No Change			40.7%
Proposed Changes			11.7%
Final Budget			52.3%

Note in this table, expanding Medicaid fully would have increased the level of support from the no change (from the Legislature’s decision) outcome of 40.7% previously shown to 52.3%. The increase in Medicaid expansion increased support by 11.7% above the “no change” baseline.

More recently, Governor Matt Mead imposed cuts of 8% on state agencies including UW and community colleges. While the survey did not anticipate these cuts in advance, a survey choice included hypothetical cuts of 10% on UW and community colleges in addition to the penny plan. The result is shown below - survey support across the entire sample falls to 34.3%.

Projected Levels of Support for Budget Proposals			
Base	Total	<input type="button" value="Reset Levels"/>	% of Sample: 100%
		<input type="button" value="Budget \$'s"/>	<input type="button" value="Non-DC Data"/>
Component Description	Level	Importance	Level of Support
Impact policy has on current ways you are taxed in Wyoming	No Change	21.2%	
Impact policy has on K-12 Education	No Change	13.4%	
Impact policy has on higher education funding in Wyoming	Decrease 10%	11.2%	
Impact policy has on the community college funding in Wyoming	Decrease 10%	10.2%	
Impact policy has on state roads and highways	No Change	11.0%	
Impact policy has on Medicaid expansion	No Change	21.0%	
Impact policy has on new revenue for the state of Wyoming	Decrease RDF 5.7% + 1% cut in stat	12.0%	
No Change			40.7%
Proposed Changes			-6.3%
Final Budget			34.3%

The bundle of policies with the least support in the survey among all respondents was a combination of a 15% tax increase, 10% decreases in K-12 education, UW and community college funding, a 14.5% decrease in highway funding, no expansion of Medicaid and an annual decrease in the Rainy Day fund of 5.7% plus the additional 1% cut across state agencies (the “penny plan”). This bundle of policies received 15.0% support across all survey respondents.

Projected Levels of Support for Budget Proposals			
Base	Total	Reset Levels	% of Sample: 100%
		Budget \$'s	Non-DC Data
Component Description	Level	Importance	Level of Support
Impact policy has on current ways you are taxed in Wyoming	15% Increase	21.2%	
Impact policy has on K-12 Education	Decrease 10%	13.4%	
Impact policy has on higher education funding in Wyoming	Decrease 10%	11.2%	
Impact policy has on the community college funding in Wyoming	Decrease 10%	10.2%	
Impact policy has on state roads and highways	Decrease 14.5%	11.0%	
Impact policy has on Medicaid expansion	No Change	21.0%	
Impact policy has on new revenue for the state of Wyoming	Decrease RDF 5.7% + 1% cut in stat	12.0%	
No Change			40.7%
Proposed Changes			-25.7%
Final Budget			15.0%