

9-18-2017

Hello Sublette County, this is Albert Sommers reporting to you during the 2017 legislative interim. On September 8, I received a memorandum from the Legislature's Budget and Fiscal Administrator regarding the magnitude of the estimated 2019-20 biennial budget shortfall for the State of Wyoming.

The budget shortfall for K12 operations, based upon the current funding formula, is estimated to be \$530 million for the 2019/20 biennium. On the capital construction side of K12 expenditures, the shortfall under current law for major maintenance is estimated to be \$143.5 million for the 2019/20 biennium. If we spend a modest \$80 million for new K12 capital construction, then the total estimated shortfall for K12 education funding for the biennium could be \$753.5 million.

According to our budget analyst, "With respect to the anticipated budget request levels for general state government, the actions taken by the Governor and Legislature in the 2016 and 2017 legislative sessions have put the standard budget and the January 2017 CREG revenue forecast toward parity." General state government is the General Fund side of the State budget equation, and does not include K12 education funding. However, if we continue to supplement local government at current levels, then we will add \$105 million more to our deficits.

Wyoming has many state owned buildings, other than schools, and the projected expenditures for major maintenance on these facilities would result in the need for an additional \$141 million for the 2019/20 biennium. If Wyoming builds any new facilities, then they will also add to an ever growing deficit.

In fact, without any additional new state facility construction the estimated 2019/20 budget shortfall could be about \$1 billion for K12 and general government expenditures combined. To give you a sense of the scale of that deficit, our Legislative Stabilization Reserve Account ("Rainy Day Fund") contains only \$1.48 billion. We can survive this next biennium, but we must act to

solve the impending fiscal crisis. The Select Committee on School Finance, which I help chair, is examining the K12 education funding model this interim. The Select Committee on School Facilities is looking for solutions to K12 Cap Con, and the Joint Revenue Committee is examining taxation options. The question remains, does Wyoming have the political will to resolve this budget shortfall before we drive off the cliff? I still believe that a combination of cuts, revenue diversions, spending of savings, and modest tax increases can soften the cliff effect, and give the Wyoming economy more time to rebound.

The Select Committee on School finance will be meeting in Casper on October 12 and 13. The Select Committee will dedicate time for public comment on the educational program and the funding model. The Select Committee will discuss possible changes to the State's educational program, which is the "basket of goods" the state provides K12 students. I can be reached at albert@albertsommers.com or my cell number is 307-360-7060.