

12/27/2018

Hello Sublette County, this is Albert Sommers reporting to you prior to the 2019 Legislative General Session, which begins January 8th. On December 10-14, the Appropriations Committee met to review state agency requests for a supplemental budget. Last winter's session was a Budget Session year, which means we reviewed the Governor's budget, and then finalized a budget for fiscal years 2019 and 2020. However, there is a process by which the Governor can make supplemental budget requests during the non-budget General Session. During the last Supplemental Budget process in 2017 for example, the Governor and the Legislature used the Supplemental Budget process to cut budgets, due to reduced revenues.

During the week of December 10-14, the Joint Appropriations Committee (JAC), of which I am a member, interviewed state agencies and the Governor's office about their current supplemental requests. In fact, the Department of Health and the Department of Family Services had to come back before JAC and ask for their second year of funding, because JAC had withheld those dollars wanting to get a better grasp on the costs of those two agencies. We had appropriated the full two years of the money for these agencies last session, but held the money for the second year in a separate account.

The Governor made a supplemental request for an additional \$148.5 million for the 2019/2020 budget based upon an October projection of the State's revenues, which showed a significant rise in revenues. Those projections were made when the price of oil was on the rise, but oil prices have now fallen. The Consensus Revenue Estimating Group will be releasing more data in early January, which will give the Legislature a current snapshot as well as another projection of future revenues. Remember, we budget based upon projections of Wyoming's revenues.

The Governor requested an additional \$4 million for the Department of Health, \$2 million for the Department of Corrections, \$2.5 million for the Department of Tourism, \$3.5 million for the Department of Revenue, and a little more than a half a million for other state agencies. The Governor recommended an additional \$15.5 million for the University of Wyoming, with \$10 million of that being for a matching scholarship fund. He also recommended expenditure of

\$25.7 million for state capital construction projects, including several new community college buildings. The fire season last year was robust, as we know, and the Governor had to drain the fire suppression account, so he is requesting a refuel of that account to the tune of \$15 million. He also wants to put another \$5 million into the Wildlife and Natural Resource Trust Fund Corpus, which supports a myriad of good wildlife projects around the state. The Wildlife and Natural Resource Trust Fund spends only the investment income off its permanent account.

Three big requests from the Governor are likely inflation related, as he is requesting an additional \$25 million for local government, \$15.6 million for pay raises for state employees, and \$19 million for an inflationary adjustment for K12 education. He is also requesting \$30 million for a Governor's Emergency Operations account, which will be used for emergencies, such as natural disasters or moving prisoners out-of-state due to overcrowding. I think this request will be a tough sell in the Legislature.

The Legislature will review the Governor's request, and will bring its own priorities into the budget.

On January 7, Governor-elect Gordon will be sworn into office, and on the 8th, legislators will be sworn into office. Governor Gordon will likely have some budget priorities of his own, which will be presented to the Legislature in the form of Governor's letters. We will take action on each letter he submits, whether to agree, modify, or deny those requests. The Governor-elect has a disadvantage in the budgeting process, as Governor Mead is the one who created the Supplemental Budget presented to the Legislature. I have not been through a governor transition while in the Legislature, so it will be interesting to participate in the process. I believe Governor-elect Gordon will do an admirable job as our next governor, because he did a very good job as our previous State Treasurer.

I would like to thank Governor Mead for his eight years of service to Wyoming. I believe he was a great advocate for those of us who live, work, and recreate on federal lands. He grew up in Teton County, where less than 10 percent of the land is in private ownership. I believe he worked tirelessly with the federal government to ensure that the custom, culture, and economy

of Wyoming would be preserved. He was not afraid to work with the federal government on important issues or to sue the federal government when he felt Wyoming had been wronged. Matt Mead was a thoughtful, intelligent governor, and we will miss him.

I can be reached at albert@albertsommers.com or at 307-360-7060. Thank you.