

5/29/2020

Hello Sublette County, this is Albert Sommers reporting to you during the interim of the Wyoming Legislature. The COVID pandemic has negatively affected people and economies across the globe. The Legislature is working to mitigate impacts in Wyoming caused by this pandemic and the Russian-Saudi oil war. This could be the most unusual legislative interim in the history of the Wyoming Legislature to date. We held a special session on May 15 and 16 to start allocating federal dollars from the CARES Act to help local government, health care entities, workers, and businesses. Hopefully, the first grant programs for small businesses will be available sometime the first week of June. The Legislature could hold at least two more special sessions before January 1, 2021. In preparation for these special sessions, Management Council assigned additional COVID-related topics to legislative standing committees. Management Council is made up of legislative leadership, which is elected by either the legislative party caucuses or the whole chambers (House or Senate). By statute, Management Council runs the general business of the Legislature, and assigns topics for committees to study. The purpose of these special sessions is to find solutions to the challenges our state faces from a reeling economy and declining revenues.

On May 26, at the request of the Governor, the Consensus Revenue Estimating Group (CREG) issued a special report on its projections for the State's revenues, after the historic shutdown of the world's economies. The CREG is a group of the State's best minds on Wyoming's economy and State revenues. The May 26 CREG report shows an enormous drop in Wyoming's forecasted revenues.

These are unprecedented times for Wyoming. The pandemic was only partly responsible for Wyoming's economic nosedive, because Russia and Saudi Arabia were already in an oil war. The pandemic hit, overproduction of oil continued, and in late April oil was trading in negative territory. Since its previous projection in January, the new CREG report shows a decline in the State's revenues of \$1.5 billion for the remainder of the 2019/20 budget and the newly created 2021/22 budget.

Further, this \$1.5 billion drop in revenues is anticipated to result in an \$877 million shortfall by the end of the 2022 fiscal year. During this same period, our Legislative Stabilization Reserve Account (LSRA), Wyoming's Rainy-Day account, will have declined from \$1.58 billion to \$978 million, primarily due to a large shortfall in K12 education funding. The LSRA is the backstop for K12 education funding when other revenue sources are not enough. By the end of fiscal year 2022, without cuts or new revenue, Wyoming will utilize its entire Rainy-Day account to compensate for the shortfall caused by the pandemic and the oil wars.

How large is an \$877 million shortfall? What services would Wyoming have to cut to balance this shortfall? The State would have to cut EVERY state employee, whose salary is paid by the General Fund, to make up an \$877 million deficit. Think about that. Or, the State would have to cut 96 percent of the General Fund supporting UW, Courts, Public Safety, and Department of Corrections – combined. Or, we would have to cut 89 percent of the GF supporting the Department of Health for the biennium, which could include all support for community mental health programs, senior centers, and nursing homes.

I am a member of the Joint Appropriations Committee, which is responsible for making the cuts to balance the State's budget. Eight hundred seventy-seven million dollars in cuts in one biennium is much more than a daunting task, it is likely impossible. In 2017, my first year on the Appropriations Committee, we had to cut over \$240 million from the budget when Wyoming's last boom ended in a bust. We cut agencies substantially at that time, but an \$877 million cut could require cutting entire agencies.

Fortunately, we do have a Rainy-Day fund to help us, and we are better off than many states. We have tough choices in our near future. I believe in the people of this state, and our ability to face and tackle difficult problems. We will survive this. I can be reached at [albert@albertsommers.com](mailto:albert@albertsommers.com) with comments or questions.