

7/28/2020

Hello Sublette County, this is Albert Sommers reporting to you from interim committee meetings of the Wyoming Legislature. I serve on the Joint Appropriations Committee (JAC), and we met July 13-14. During this meeting, JAC had an update on budgetary shortfalls from Governor Gordon. JAC also had an update from the Department of Administration and Information on the State Employee and Officials Group Health Insurance (EGI) program, and heard from the Department of Enterprise Technology Services (ETS) on the evaluation of IT costs for state government. The Legislative Service Office provided us a synopsis on Wyoming's revenue declines. The Joint Appropriations Committee also reviewed bill drafts on emergency state funding and state funded capital construction.

Governor Gordon opened up our July 13 meeting on with a discussion on the historic decline in revenues for the State of Wyoming, and his response to those declines. In May, the Consensus Revenue Estimating Group (CREG) had projected a \$1.5 BILLION reduction in State revenues through fiscal year 2022, which would result in an \$877 million budget shortfall. In May, the CREG provided three projections based upon a pessimistic, middle of the road, and optimistic view of state revenues, but even their optimistic projection shows over a \$1 billion loss of State revenues. Projecting out through 2024, we have a structural shortfall in our budget of more than \$2 BILLION, and we will have burned through Wyoming's entire "Rainy Day Fund" of \$1.5 billion. In his presentation to the JAC, Governor Gordon explained that his first step in correcting this historic shortfall is to cut 10 percent from the existing General Fund budget, which amounts to about \$275 million. His second step was to ask agencies to identify another 10 percent in reductions, for a 20 percent total reduction to the General Fund. However, it will take a 33 percent reduction to balance our revenues with our appropriations. The CREG provided a July update to its revenue projections that resulted in revenues increasing by about \$150 million, which is somewhere between May CREG's middle of the road and optimistic projections.

The Legislature and our last two Governors previously cut 15 percent, reducing the 2015-16 GF budget of \$3.51 billion to the 2021-2022 budget of \$2.98 billion. Governor Gordon recognized

that substantial cuts and some additional revenue will be necessary to survive this downturn, and I would agree. I mentioned in an earlier press release, we would have to cut EVERY General Funded state employee to make up the \$877 shortfall.

One of the biggest and continually rising expenses for individuals, businesses, and government is the cost of health insurance. The State health insurance program, EGI, is expecting double digit percentage cost increases to the State for employee health insurance, without an adjustment in benefits. JAC is continuing to review the cost of health insurance, and whether a change in program or benefits is warranted to reduce costs.

The cost for information technology services for state agencies has exploded in the last several years. The Legislature is in the process of hiring a consultant to review IT costs, and to recommend any efficiencies that can be found. The Department of Enterprise Technology Services (ETS) is the agency responsible for the State's IT program. It gave JAC a short report on the review process.

The Legislative Service Office provided JAC with a report outlining the revenue declines for the State of Wyoming. This very instructive report can be found at

[https://wyoleg.gov/InterimCommittee/2020/02-2020071320200628\\_StrategicRevenueDeclines\\_FINAL2.pdf](https://wyoleg.gov/InterimCommittee/2020/02-2020071320200628_StrategicRevenueDeclines_FINAL2.pdf)

JAC reviewed two bill drafts that could be brought in a special session. One would provide some emergency funding to prop up our budget until the Legislature convenes at the 2021 General Session in January. The other bill would address some capital construction issues, including reducing funding for State major maintenance, increasing contingency funding for ongoing state construction projects, and funding for Western Wyoming College to continue to fix a large maintenance issue. We are also developing a bill to further appropriate money from the federal CARES Act to address needs around the state.

Wyoming will survive this challenge, if we work together to solve the problems that lie ahead. I can be reached at [albert@albertsommers.com](mailto:albert@albertsommers.com) with questions or concerns.