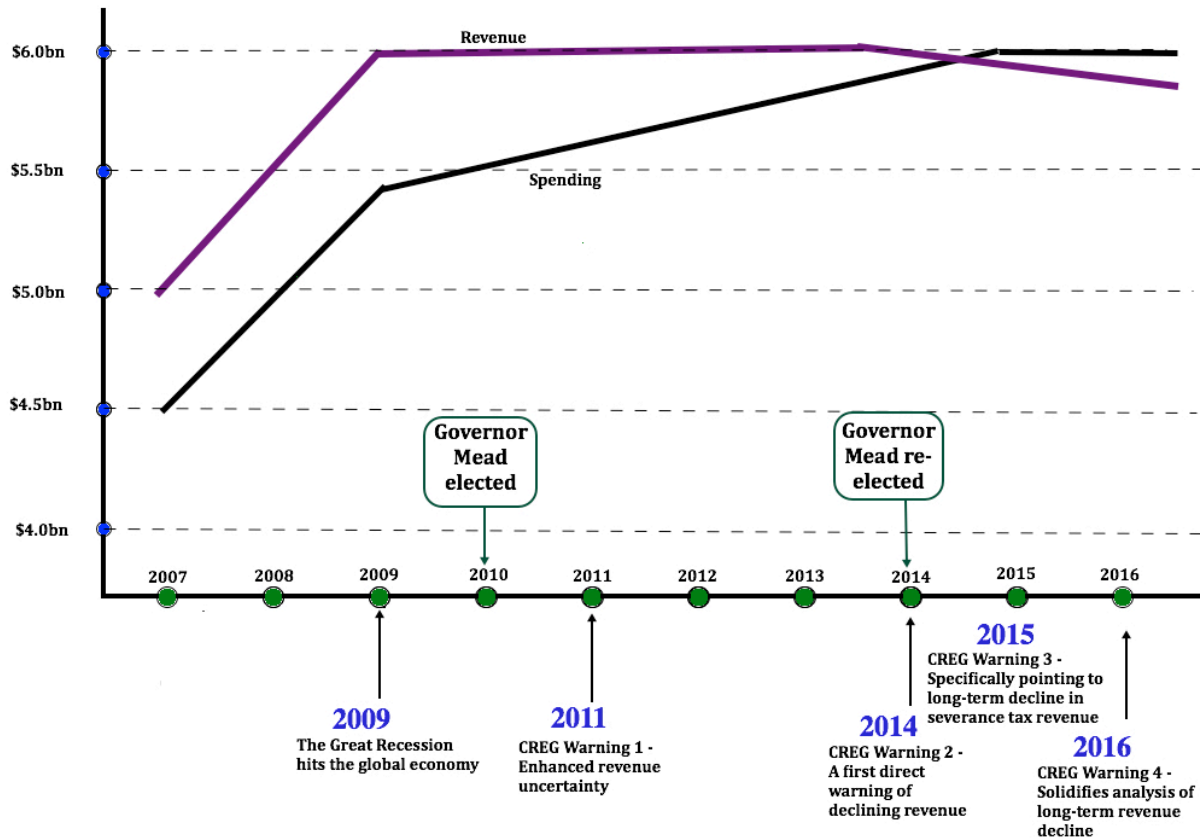


# Wyoming's State Budget Crisis: Who got us here?

## And what we can do about it.

The Budget Problem - Conservative Republican legislators repeatedly warned Governor Mead and the leadership in the Legislature about overspending. CREG repeatedly warned about collapsing revenues. The Governor and Leadership ignored all warnings and kept spending:



[NOTE: revenue and spending figures in this graph include state AND federal funds received & spent by Wyoming. The raw data, which is much more detailed, and more information is attached in Excel spreadsheet form and a PDF document. Thanks and credit for the data to Sven Larson, PhD, Economics, Hill City Skunkworks, Cheyenne.]

Well before the energy price collapse, the Governor and leadership in the Legislature kept increasing state spending. When the collapse began in earnest, these same people continued to spend despite specific warnings from CREG, the professional budget analysis committee. Now, Wyoming is in real trouble. See the events marked in the graph above, and bullet points below:

- 2014 - CREG warns revenue is likely to decline.
- 2015, January - CREG predicts \$220 million revenue shortfall. Gov Mead and leadership take no action.
- 2015, February - Gov Mead and leadership push through an extra \$300 million in spending!!!
- 2016, February - biennial budget passes with minimal spending cuts.
- 2016, March - Gov and leadership approve **\$300 mil capitol restoration**
- 2016, March - Gov Mead & leadership approve **\$415 million capital construction budget!!!**

- 2016, March – Gov Mead orders state agencies to cut budgets 1% (where was he a month, or a year, before?)!!!
- Winter 2016 – large scale energy company layoffs begin on large scale, thousands lose their jobs.
- 2016, April – Gov Mead hires 106 new state employees while a hiring freeze is in effect!!!
- 2016, April – Gov Mead reports he has given numerous members of his staff large raises over the past two years!!!
- 2016, March & April – Wyoming mining/energy companies continue major layoffs (6,000 people in total)
- 2016, April – Gov Mead orders state agencies to cut budgets 8%, after the damage he was repeatedly warned of was already done. Did he rescind the salary increases for his staff???

State spending increases under Gov Mead and leadership in the Legislature have made the state budget deficit structural, not cyclical. State spending is fixed at a level too high for our revenues. Spending now cannot “self-adjust” lower when revenue drops, as it does during recessions. Wyoming is in severe recession because of the energy collapse.

But the current situation is even worse. Defying explicit warnings, ignoring facts and common sense, state leadership still continued to make spending promises. They clearly paid no attention to collapsing current revenue and didn’t consider the likelihood it would last for a long period of time.

**State legislative leadership (quietly supported by some business groups) now want tax increases to cover their mismanagement.**

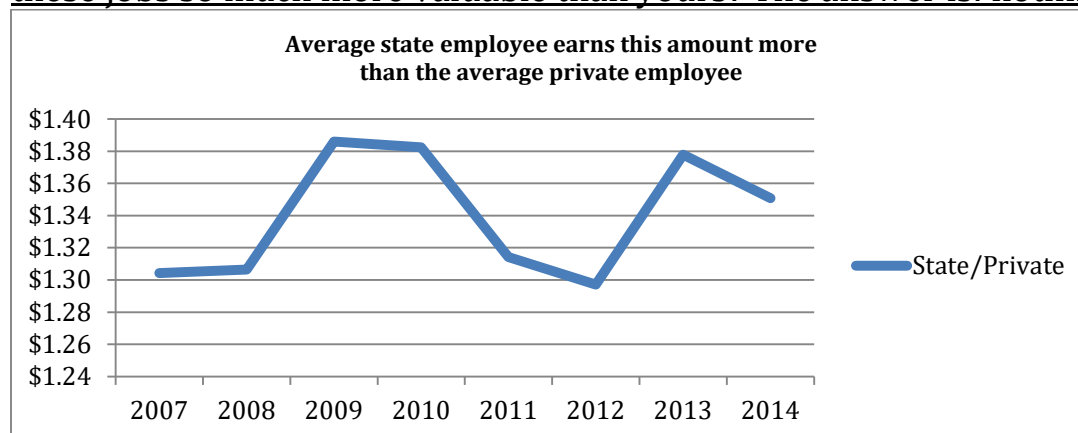
**There is open talk about a state income tax to close the gap.**

**They want you to pay for their mismanagement. They want to keep spending, instead of addressing the spending problem.**

See below for just one example of how state government doesn’t work for you.

**State employees are paid on average about 35% more than the rest of us in private employment!**

**Other than fire and police, whose lives are at risk for our safety, what makes these jobs so much more valuable than yours? The answer is: nothing.**



When our income at home drops, we cut our expenses. We don't force our neighbors to pay our bills. State government should do the same: cut expenses, instead of turning to us to pay for high state salaries and other spending that exceeds revenue.

Higher taxes, particularly an income tax, would penalize our citizens and businesses, and badly hurt the state's economy.

**Why should Wyoming's citizens pay for state leadership's irresponsibility?**

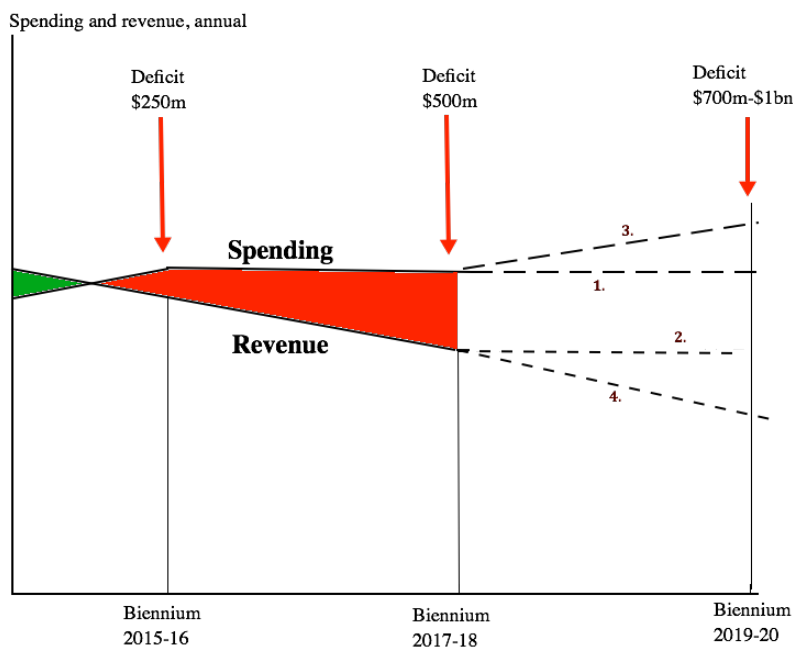
Where to start? **CUT SPENDING FIRST.** Real cuts, not temporary patchwork and fixes.

**We need new leadership in this state. Let's start by identifying the big Republican & Democrat spenders, and then defeating those running in the 2016 elections.**

**Who are the leaders responsible for our \$500 million (& growing) deficit?**

Governor	Matt Mead (R)
House Speaker	Kermit Brown (R - not running again)
Speaker Pro Tem	Tim Stubson (R-running for Congress)
Senate President	Phil Nicholas (R - not running again)
House Majority Leader	Rosie Berger (R - Sheridan)
House Whip	Hans Hunt (R - Newcastle)
House Minority Leader	Mary Throne (D - Cheyenne)
House Minority Whip	James Byrd (D - Cheyenne)
House Appropriations Chairman	Steve Harshman (R - Casper)
House & Senate Democrats who voted in favor of more spending again and again over the years, and now say that spending cannot possibly be the cause of the deficit	

**Wyoming State Budget, Deficit Projection through 2020**



The true conservative incumbents, who have warned for years about overspending, who courageously opposed the Governor and leadership time after time, need our support NOW. Please join me in encouraging them and contributing to their campaigns. There also many conservative challengers and many new conservative candidates for open seats who need our support. All of these good people will stand firm on principle. They know that spending is too high, that it must be brought under control. They will do what Gov Mead and current leadership refuses to do: cut spending.

## **IT'S TIME TO ELECT CITIZEN LEGISLATORS AND FIRE POLITICIANS.**

**Ask your incumbent or challenger what he or she would do to deal with the budget deficit without raising taxes. Here are some questions to consider asking:**

- State employees benefit from a \$350 annual deductible for their health insurance. The monthly cost to the state for a single employee's medical coverage is \$840. The employee pays only \$87 out of his pocket. We pay the rest - \$753. **Do you support having state employees pay more out of their own paychecks for their health insurance, the way the rest of us in the private sector must do?**
- The type of pension plan offered to state employees has virtually disappeared from the private sector because of cost and high long term risk for employers. **Do you support ending the state employee pension plan for new hires, and converting all future employee benefits package to "defined contribution" instead of pensions ("defined benefit")?**
- State and local government employees constitute about 31% of Wyoming's total employment (310 government employees per 1000 workers). This ratio is on the rise as private employers cut jobs and government does not. Another way of saying it is that the work of 690 private sector employees must pay for the employment of 310 government workers. **Do you believe this ratio indicates that government spending in Wyoming is too high, acceptable, or too low?**
- Some State of Wyoming capital construction contracts are awarded to only one bidder. Do you support an audit of all no-bid contracts and a report to the Legislature and Wyoming's citizens? **Do you support legislation that would prevent "no bid" change orders to state contracts (which, to date, have led to \$600 million that we know of in uncompetitive contract awards)?**
- When the Wyoming Business Council proposes a subsidy for a private business, it usually justifies its recommendation based on added jobs, economic diversification and increased tax revenue. Left out of its analysis are costs of these subsidies, including political decisions by bureaucrats about which project is deserving of the subsidy, and direct and indirect damage to the competitors and other businesses who must rely on their own private financial resources to stay in business. **Do you support legislation to end state subsidies to favored companies through the Wyoming Business Council (awards that their competitors do not get)?**