

Office of the Governor

March 3, 2016

The Honorable Phil Nicholas
President, Wyoming Senate
123 Capitol Building
Cheyenne, WY 82002

Dear President Nicholas,

Over the course of 2015 and through these beginning months of 2016 Wyoming's revenues have fallen. The cyclical nature of revenue in Wyoming is well known to us and we have planned for these cycles with the Wyoming Permanent Mineral Trust Fund, the Legislative Stabilization Reserve Account and conservative spending.

When I took office in 2011, one of my first priorities was to flatten the steep upward trajectory of the previous decade for the standardized budget. That has been accomplished. As we entered the 63rd Legislative session, I asked the Legislature to evaluate agency programs and, where reductions were necessary, to eliminate or modify those programs of lower priority. This is essential to long term meaningful savings.

During times of declining revenue, we must make hard choices. It is in these times that our work is most significant. In my view the Legislature missed a critical opportunity this session to move forward with Medicaid expansion. As a result an additional \$30 million needed to be cut from the budget. Needless to say, I am disappointed in this missed opportunity for Wyoming and Wyoming citizens. I do not agree with other decisions made in this and the other appropriation bills this session as the Legislature did not agree with many of my recommendations. There is also disagreement among legislators on the right course of action. At the same time, all of us are committed to decisions best for Wyoming.

While, I have signed the Senate File 1 Enrolled Act 19 into law, I have made certain line-item vetoes. Generally, I have eliminated those lines in where the Legislature prohibits agencies from including requests in their standard budget. The Governor has the constitutional obligation to recommend "those measures he deems expedient" and the Legislature has a constitutional obligation to act or not to act on those recommendations. I believe these provisions blur those independent responsibilities. Additionally, I have line-item vetoed certain specific items and I provided reasons in this letter. I also address issues with separation of powers.

I detail my line-item vetoes below.

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The Legislature uses footnotes contrary to the governor's recommendation authority under the separation of powers. These, for the most part, instruct agencies not to include one time requests in standard budgets. I do not disagree with the concept and while the Legislature can address this issue as a part of the budget process - this is not the place. I note that one time appropriations are designated as one time in the state fiscal system and do not appear as part of the standard budget:

Section 1 footnote 1

Section 6 footnote 1, footnote 3

Section 7 footnote 3

Section 10 footnote 2

Section 11 footnote 1

Section 15 footnote 1

Section 20 footnote 2

Section 24 footnote 1, footnote 2, footnote 3, footnote 4

Section 41 footnote 1

Section 49 footnote 3

Section 57 footnote 1

Section 67 footnote 1, footnote 7, footnote 8

Section 206 footnote 1

Line item vetoes reflecting specific concerns are detailed below:

Section 45 footnote 4. This footnote increases the rate charged for travel by the Secretary of State, Auditor, Treasurer and Superintendent of Public Instruction. I do not believe there should be a distinction between the public business conducted by these officials and other representatives of state government, such as the Board of Parole, the Department of Transportation or the University of Wyoming.

Section 60 footnote 1. This footnote notes that \$350,000 general fund is appropriated for control

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and eradication of noxious weeds on state lands and substitutes dollars set aside for the Colorado River Compact litigation account. This account is in my view crucial to the long term protection of Wyoming water. This veto continues weed control from general fund and leaves the Colorado River Compact litigation compact account available for its intended purpose.

Section 72 footnote 1. This portion of the footnote is contrary to the separation of powers.

Section 132 footnote 1. This provision is advisory in nature. The recommended action can be accomplished without the footnote.

Section 167 footnote 3. This provision is unrelated to the ordinary expense of state government and could be interpreted to create substantive law. House Bill 0085 has passed making it redundant.

Section 205 footnote 3. The provisions of this footnote are addressed in existing statute.

Section 206 footnote 5. The Department of Education has the statutory obligation to address school climate and student wellbeing as part of its accreditation and school improvement function. This prohibition would negatively affect this obligation.

Section 300 (b). At a time when there is concern about the state's revenue picture and funding for the ongoing operations of government, it is ill-advised to transfer an unknown amount of funds in the Legislative Stabilization Reserve Account. Although similar language has been included in past budget bills, this biennium is different because the Legislative Stabilization Reserve Account now has a dedicated funding stream. Without a plan for how to use the funds in the Legislative Stabilization Reserve Account these funds, if any, should remain in the Budget Reserve Account.

Section 303 (c) (i) and (ii). Funds appropriated for Colorado River Compact litigation should not be used for the control and eradication of noxious weeds and designated pests on state trust lands.

Section 309. This is inappropriate limitation on the authority of the executive branch.

Section 310 . This provision is unrelated to the ordinary expense of state government and the ability to address this situation is separately addressed by existing statutes.

Section 319. This provision is contrary to the separation of powers.

Section 320. This provision is unrelated to the ordinary expense of state government and has the effect of creating substantive law.

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Section 322. I have vetoed specific language in Section 322 to ensure that the Budget Reserve Account will have a balance of \$104,550,000 on June 30, 2018.

Section 323. I have vetoed specific provisions in Section 323. Although this section provides flex authority not previously afforded to me this language is still limiting. The across the board method by which reductions were made will result in some agencies feeling a disproportionate impact. Evaluating this impact will take time and a significant level of effort on the part of agencies. Use of this flex authority will not be taken lightly and will be used to position agencies to best accomplish their missions. With this in mind and in light of the current revenue environment a full evaluation of all agencies' budgets will be necessary and in fact further reductions may be needed.

Section 329. This provision is an inappropriate limitation on the authority of the executive branch.

Thank you for your work.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew H. Mead', with a horizontal line underneath.

Matthew H. Mead
Governor

cc: The Honorable Kermit Brown, Speaker of the Wyoming House of Representatives
Edward F. Murray, III, Secretary of State
Chief Clerk, Wyoming Senate