



MATTHEW H. MEAD
GOVERNOR

STATE OF THE STATE ADDRESS
FEBRUARY 8, 2016

*Governor's prepared remarks. Actual remarks vary and are not produced here.

**Governor Matthew H. Mead's
State of the State Address
63rd Wyoming Legislature – Budget Session
Monday, February 8, 2016
10am – 12pm**

Introduction

Mr. President, Mr. Speaker, members of the 63rd Legislature, Secretary Murray, Auditor Cloud, Treasurer Gordon, Superintendent Balow, Chief Justice Burke, members of the judiciary, members of the military, veterans, fellow citizens, my family.

Good morning.

This is my 6th state of the state address and my first not delivered in the Capitol.

We are meeting in the Jonah Business Center until the Capitol is reopened.

We follow in the footsteps of our predecessors.

In 1869, the 1st Territorial Legislative Assembly met in a building on the corner of 17th and Carey.

It was not until the 10th assembly in 1888 that the assembly met in the Capitol building.

I'm pleased to be here today.

Remembrance

Before I continue, we remember all the men and women who are serving overseas. WY will always keep them in our thoughts and prayers.

Let us also take a moment of silence to remember Representative John Patton from Sheridan – a great person, a great public servant for WY.

Representatives of the Shoshone and Arapaho Tribes

I recognize the Eastern Shoshone and Northern Arapaho Tribes.

They face many of the same challenges the state faces.

I enjoy working with them and look forward to continuing a good relationship.

Our Tribal liaisons Leslie Shakespeare and Sergio Maldonado are here.

If Tribal members would please stand, we would like to welcome you.

Wyoming National Guard

Our WY National Guard continues to deploy overseas to fight the war on terror and continues to assist with civil emergencies here at home and to help our western neighbors.

This past holiday season, we had 102 WY Guard members deployed overseas. Most were in Afghanistan. A few were in Germany.

Last spring, I activated the Guard to help with weather-related flooding in Niobrara County and other Wyoming counties.

I saw the effects firsthand in Lusk – homes destroyed, roads and bridges damaged, people evacuated, businesses disrupted. The Guard, Homeland Security, Department of Transportation, other state agencies and the available emergency funds – all were needed to help.

The Guard contributes much to the security of our state and our nation, and we are deeply grateful.

General Luke Reiner, Wyoming's Adjutant General, is in the audience.

General, please stand so we can show appreciation for you and the Guard.

Veterans

I recognize our veterans.

We cannot thank them enough for their military service.

In 2015, we celebrated the 5th WY Veterans Welcome Home Day – a special day (March 30th) created by statute in 2011.

In the last 5 years, I have been to Welcome Home Day events in communities all around the state.

It's always great to meet vets, hear their stories, and say "welcome home".

An estimated 16,000 Vietnam vets live in WY.

The 50th reunion from the start of the Vietnam War was remembered with events in Casper last June. It was a memorable and important occasion.

Last fall, the Consul General from the Korean Consulate in San Francisco came to present peace medals to Korean War vets in the Lovell/Powell/Cody area.

The Korean War, fought in the early 1950s between WWII and the Vietnam War, is sometimes called the "Forgotten War."

An estimated 3,475 Korean War veterans live in WY. These vets and their families have not forgotten that war – nor will WY.

We owe our vets a great deal, and each year gives us more opportunities to show our gratitude.

State of the State

On the state of the state, I'm pleased to report Wyoming remains strong.

Throughout my Administration, now in the 2nd year of the 2nd term, the focus has been on strengthening this state.

I have opposed federal actions that harm our state, its industries, and its economy.

Through the good work of the Attorney General's office, WY has taken the EPA to task in court over such overreaching actions as the MACT rule, the regional haze plan, the Waters of the U.S. rule, and the Clean Power Plan.

I continue to fight for coal. WY gains much from coal and all our mineral companies and, frankly, a lot of thank yous are owed to our miners, drillers and all in the mineral industry that provides benefits to every citizen. Let us show our gratitude now and make known to Washington, DC – Wyoming proudly powers our country and will continue to do so.

I have aggressively protected 2nd Amendment rights in lawsuits and against federal executive proposals.

For example, Drake v. Filko was a case from the 3rd Circuit that upheld New Jersey’s restrictive handgun permit law. WY wrote the amicus brief urging the U.S. Supreme Court to hear the case and prevent the 3rd Circuit’s opinion from standing.

WY joined gun cases in MT and CO federal courts and in the 9th and 2nd Circuits and asked the U.S. Senate to pass the National Right-to-Carry Reciprocity Act (H.R. 822) back in 2012.

On Jan. 5th of this year, I wrote President Obama questioning executive actions regarding gun control that bypass Congress.

I said, “The right to bear arms is a fundamental Constitutional right, and any action that arguably affects that right must include the Congress as elected representatives of the people of the United States... [E]xecutive action is not the way to go about it.”

WY continues to be recognized as strong on the 2nd Amendment, and we have begun the process of building a niche industry, which helps diversify the state’s economy.

Magpul, Hiviz, Thunder Beast Arms, Wyoming Arms, Freedom Arms, Gunwerks and Best of the West are examples of gun industry companies choosing Wyoming.

Lawsuits are necessary – by nature reactive – and we have reacted well.

We also have to be proactive and we have been.

I developed both energy and water strategies for the state. The 2^d edition of the energy strategy will be released soon.

The Sage-Grouse Implementation Team led by Bob Budd worked hard on sage-grouse conservation, and in fall 2015 the FWS decided not to list the bird.

I continue to work with federal agencies on numerous natural resource issues. My initiative as Chairman of the Western Governors’ Association is to improve the Endangered Species Act.

We are working closely with the U.S. Fish and Wildlife Service and the states of ID and MT on a plan to delist grizzlies in 2016.

Wolves did well under state management, exceeding recovery goals. They need to come off the list, and we continue to work for that day.

Because we are proactive, WY leads in energy. We lead in stewardship of natural resources and wildlife.

I have worked to streamline, asking agencies to reduce rules by 30%, and they have done a great job – some reducing even more. Contrasting with the President’s use of Executive Orders, my first Executive Order was to strike 197 unnecessary, outdated executive orders.

I have worked to consolidate agencies, centralize tech services, and keep the state workforce steady - slightly lower in number now than when I took office, not growing.

These efforts make government better, not bigger.

I have been proactive with the budget – looking for economic development, diversification, and growth opportunities while remaining fiscally conservative.

In 2013, I recommended a reduction to the standard budget of over \$60M - a cut of over 6%.

In 2014, I didn't ask for all that was available – in fact, I left over \$200M on the table for legislative appropriation.

In 2013, 2014, and 2015, the last 3 years, this body appropriated more money than I requested but still took a conservative, measured approach balancing our needs with our revenue.

The fiscally conservative approach of the executive and legislative branches serves us well including growing our savings.

During my time in office, the Permanent Mineral Trust Fund, established in 1974, has grown over 60% - it now has a market value over \$7B.

The LSRA (“rainy day” account), started in 2005, has grown – nearly doubling. It has a balance of about \$1.8B.

We can proudly say that, compared to 2010, we have fewer Executive Orders, fewer rules, we are more efficient and more effective, and we have 100s of millions more in savings. We have fewer employees doing great work.

Between the '05/'06 biennium and the budget in place when I took office, the executive branch standard budget increased by over \$1B - about 85%.

Between the time I took office and today, the standard budget – despite new legislative programs, pay raises, legislative language requiring me to ask for more money for some programs, mandatory rebasing, and health insurance increases – has remained essentially flat.

In fact, the 2015-16 standard budget is less than the standard budget was in 2009-10.

Savings have grown and, even with conservative budgeting, economic catalysts have been provided, used and created results.

According to the Department of Commerce, WY grew exports by double digits in 2014, setting a new record for exports (\$1.8B), and was one of 5 states with the fastest export growth in the last 5-year period.

WY's international trade increased 79% from 2010-2014.

Thanks to the Wyoming Unified Network, we are the first state to have an Internet Protocol version 6 (IPv6) network statewide – the latest and most updated communications protocol.

We have increased not only our technology sector but also our manufacturing.

Payroll in the technology sector rose 25% from 2010 to 2014. Manufacturing jobs increased from 8,900 in Dec. 2010 to 9,900 in Dec. 2014 – a gain of 11%.

Because WY has been proactive, because of the progress we have made, we see our state getting much-deserved national recognition.

WY received a Top 5 Award of Excellence for Data Center Recruiting from Expansion Solutions Magazine in 2014 and WY has been a top tier state for data center recruitment the past several years.

In Nov. 2015, WY was ranked a top leader in K-12 broadband connectivity by EducationSuperHighway in its first nationwide survey.

WY school districts are meeting the broadband goal of 100 kilobits per second per student – we are one of only two states to reach that goal 100%.

In Dec. 2015, for the second year running, WY was ranked the #2 best-run state by 24/7 Wall Street;

In Jan. 2016, WY moved up from 16th to 6th on a listing of state strength by Politico Magazine – the biggest move up of any state.

In Jan. 2016, Education Week issued its 20th report card.

- The WY education system was rated best among western states and 8th best in the country.

The Pew Institute has recognized our rainy day planning:

- WY has the largest rainy day fund in the country in proportion to overall budget; and
- WY's rainy day fund is the 3rd largest in dollar amount.

Big Horn High School was chosen as one of the top 500 high schools in the country by Newsweek.

With over 24,000 public secondary schools in the U.S., to have one of our own recognized in the top 500 is a tremendous achievement.

Proudly the University of Wyoming and our great community colleges continue to get better and better.

We have kept a AAA credit rating from Standard & Poor's since 2011.

Other recognitions for WY include:

- most business friendly tax climate (Tax Foundation - 2014, 2015, 2016);
- #2 state for new business startup activity (Kauffman Foundation - 2015);
- #3 best state to make a living (MoneyRates.com - 2015); and
- UW #9 for best value college (Forbes - 2015).

In Jan., Sunset Magazine recognized Lander runner-up for best small western town and Laramie runner-up for best medium-sized western town.

True West magazine and their readers singled out Cody and Buffalo last year as best places for Old West living.

Our state is strong because of what we've been doing proactively. Hunkering down, doing nothing – that wouldn't have gotten us where we are nor will it keep us where we need to be.

And, I add, Wyoming citizens play the key role in keeping our state strong.

WY is home to innovators, trailblazers, and go-getters in every profession, all walks of life.

Our citizens provide the spark –the energy, talent, and determination – that propel our state forward.

I recognize a few today.

Jerry Palen is the creator of the cartoon series “Stampede”.

This nationally syndicated series ran for 43 years.

It appeared in many places, including the WY Stock Growers newsletter, Pine Bluffs Post, and WY Livestock Roundup. With his work he reminds us we are a proud Ag state.

Jerry is an accomplished painter and sculptor.

His bronzes are at the National Cowboy Hall of Fame, our state Capitol, UW and elsewhere. I understand every U.S. President since Carter has come to Jerry for artwork.

Jerry semi-retired from cartooning at the end of last year.

For over 40 years, WY has enjoyed the beloved Flo and Elmo.

In WY, we value not just mineral wealth and natural beauty – we value experience, talent, originality.

We support the arts because of the exceptionally talented artists in our state and the benefits we receive from them.

Jerry, thanks for your contributions over the years.

Please stand so we can recognize you, Ag and the arts in WY.

Amy Pierson is WY's 2016 Teacher of the Year.

A state can't have the 8th best education system in the country without great teachers.

As I do every year in my state of the state, I recognize our teachers and ask one of WY's many outstanding teachers to represent this group.

Amy is a 4th grade teacher at Cloud Peak Elementary in Buffalo.

She is a National Board-Certified Teacher.

She seeks out leadership roles and mentors others.

She sees the best and brings out the best in kids, and I'm pleased to recognize her today. Amy, please stand.

Dick McGinity is UW's 25th President.

He stepped up to serve in 2013 when the previous president resigned.

He joined the UW faculty in 2007 as the Bill Daniels Chair of Business Ethics.

As President, he has had a good and steadying influence.

We thank Dick for serving in this capacity – probably longer than he intended.

New President Laurie Nichols will start in May.

Princeton and Harvard educated, Dick has a home in Crowheart and likes nothing better than being on a horse in the wilderness.

His presence reminds us what UW means to us. It's a great institution for higher education, advanced research, innovations, athletics and more. Our state benefits so much from UW.

Dick, thanks for coming over the hill. Thanks for all you've done and will continue to do for WY. Please stand.

Cassidy Kruse is a 20-year-old barrel racer from Gillette.

She debuted at the National Finals Rodeo (NFR) in Las Vegas last December.

She finished 3rd in the NFR average and 5th in the final 2015 world standings.

Cassidy, we couldn't be happier for you. You show what great athletes we have in WY. You remind us about the importance of supporting tourism, which supports Team WY.

Thanks for being here. Please stand.

Dr. Joe McGinley is a diagnostic radiologist in Casper.

He is a doctor and a mechanical engineer.

In addition to his medical practice, Joe is an innovator.

He is founder of McGinley Orthopaedic Innovations, which designs, manufactures and brings precision medical devices to market.

One device – the IntelliSense Drill – helps improve orthopedic surgery methods. The FDA-approved drill is used by some of the best hospitals here in WY and the country.

Last Aug., the SLIB awarded a \$1.35M business committed grant through the WBC to upgrade a facility in Glenrock for this medical device maker. Manufacturing is currently being done at the Glenrock facility.

The Town of Glenrock contributed \$150,000 to the project.

This type of business helps diversify our economy.

This is an example of economic development dollars partnering to help our great entrepreneurs.

Joe enjoys the things that draw so many people to WY and keep so many people here – great outdoor recreation. He climbs, does distance swimming, and stays in shape for events like the Cowboy Tough Adventure race. He has competed in every Cowboy Tough race.

Joe, thanks for being here. Please stand.

There's a lot going on in WY . . . beyond news about the energy cycle.

We have wonderful citizens. We have supercomputing at NCAR, the Integrated Test Center, the unified network, expanding data centers and other tech businesses, 99 terrific municipalities, and more.

The state of our state is strong.

Our strengths – people, communities, the leadership in this room and around the state – not only carry us through the best of times, they carry us through difficult times and keep us competitive now and in the future.

I look around WY and am heartened.

I am excited about what lies ahead, and to move ahead we must provide a budget that recognizes not only the challenges now and in the future but the opportunities that also exist.

My budget proposal does that . . . while cautious it helps us stay proactive.

It does not overspend.

Yet it provides for economic and growth opportunities.

It represents some hard choices. It sets priorities not just for the next two years but long term.

My budget, by borrowing from and repaying the rainy day, provides a method to trim our sails and still continue our great momentum.

On the reduction side before the JAC got to town, I had a hiring freeze in place which saves a great deal of money. I cut \$159M from the current fiscal year budget and I reduced agency budgets going forward by an additional \$18.7M.

Reducing our budget is a reality we face. Some tough times are a reality we face. But it is also a reality that we need to continue to build and diversify WY and tend to the health and welfare of all our citizens.

In terms of building our state, I recognize we have some different points of view. For example, despite the fact the Legislature cut my highway funding request last session, I requested funding for highways again this year.

Despite the fact the Legislature cut my local government supplemental funding request last year by 68%, I have requested a total \$123M for local governments. I have supported and will continue to support local government. I hope you will join me during this rainy day period to help our locals.

One of the best umbrellas for the state when raining is to support local government.

If you see fit to provide more than I ask for in these two areas, I will be supportive.

To keep building on economic diversity I have also asked for contingent borrowing authority from the LSRA for a large project economic development account. This would be drawn upon when major economic development opportunities come up that should not be passed up.

When the next Magpul or Microsoft is ready to relocate, WY needs to be ready. Economic development must remain a priority.

Local government, tourism, Ag, highways, the energy industry, economic development – these are things we must continue to support. To do otherwise would be shortsighted and cause us to lose the momentum we have built.

We have the ability, to avoid the days when we're losing jobs, industries and people. Rainy day funds give us this ability. We have the largest rainy day fund in the country relative to our budget . . . which brings up the question, what is the purpose of the rainy day fund?

I asked – during my last state of the state – that the Legislature provide a framework for the use of the rainy day fund.

I felt it was owed to the people of WY to let them know, what is the rainy day fund for? When is it raining? What will be the triggers and the parameters for drawing from it? Questions that still today are left unanswered.

It was important that we provide guidance on rainy day dollars so that our towns and counties could have some predictability and plan their budgets. So they can pursue their priorities.

Without legislative guidelines on rainy day fund spending, I took the initiative on how I believed we should navigate the rainy days we find ourselves in and how the LSRA, the rainy day fund, could be used.

You see in my budget the use of and the paying back of the rainy day fund. Prudent use of the fund allows us to weather a storm, even if it comes to a long-term downturn.

Before going further into my recommendations I point out the JAC has a difficult job. We all must respect the tough choices they are required to make, and they are not done. The Chairmen and the Committee take their responsibilities seriously. But, as they have disagreements within the Committee and they have disagreements with my budget request, I have disagreements with where they left off in January.

In my budget I supported LSRA funding for Community College cap con, the UW science initiative, and other great projects. And as this body legislated me to do, I added \$37.5M to the Capital restoration account. These projects have individual merit and collectively have the added benefit of supporting our construction industry.

But, my support of these cap con projects is in the context of all my budget recommendations. When significant changes are made that alter my budget, the context changes. As we construct the budget, we must ask what are our priorities?

In asking that question we must remember this: the Legislature and the executive branch may distinguish between different revenue streams, savings and long-term use of money and we may distinguish between one-time and ongoing expenditures. Let us never forget all these dollars belong to the people of Wyoming. And the citizens will not judge our actions based upon our definitions but how we spend their money or cut services.

So where are we? The judicial branch has been cut. Some executive branch agencies were cut in double digits

My recommendations for highways, local government, tourism, Ag, early childhood, education, senior centers, literacy and more have been reduced. The JAC has yet to address capital construction.

So what are our priorities? Do we fund a new state office building in Casper and not fully fund early childhood development?

Do we spend \$152.7M on capital construction – buildings – and not take care of local government and tourism?

Yes, we must tighten our belts. No question about it.

Five of the 6 CREG reports for this biennium have reduced General Fund/Budget Reserve Account projections.

It's the first time this has happened since the CREG was created.

We know many in the private sector are hurting and struggling to get by. Our state revenue picture may get worse yet. Additional cuts may be needed next session.

We will not act imprudently like the federal government and kick the can down the road. We are in for a tough budget session. There will be disagreements but in the end, in WY, it's not in us to overspend.

It's not who we are or how we operate.

Under my budget proposal, we stay true to our conservative roots. A priority.

We must stay true – we must not prioritize projects over people.

Economic diversification must remain a priority. We need STEM opportunities for our kids, a water strategy, a forest strategy, a sound energy strategy, and economic development monies to build diversity and continue the momentum we have built.

We can work to have both economic development and capital construction. But we cannot build buildings without assurances they will help improve our state, provide better services to our citizens and not come at the expense of our seniors, our children or others. These are the people who during this downturn most benefit from such things as senior centers, workforce services and great education. Construction projects must meet these needs. If not, they shouldn't be built.

For example, several years ago when the Legislature put money in the budget for a new governor's mansion, I vetoed it. Nor did I agree when the Legislature appropriated money for a new large office building.

The fact is we have the ability to address health care, education, local government, Ag, energy, and still have important capital construction projects if we make the right choices. My budget provides a path to do just this.

I'm confident that the people we are here to serve will accept the tough reductions that are needed. They will be less accepting about the loss of senior programs or a sewer system in their town while we continue to build up the largest relative rainy day fund in the country as if it is not raining.

Last year, in the supplemental budget, I requested \$25M for local government. The Legislature only provided \$8M.

Our towns can't continue to get high marks if they don't have good roads, sewer and other infrastructure.

From recent SLIB or WBC meetings, I see the results of local government struggles and the negative effect of last year's cut on our towns and counties.

In contrast, I see that when money is available for local government and economic development we can continue diversifying our economy.

My budget recommendations reflect my actions to make cuts twice – after the Oct. CREG and again after the Jan. CREG.

Because of the hiring freeze, everyone is already doing more with less and there comes a tipping point.

My budget recommendations do not require more cuts.

I ask that we work for a responsible, sustainable budget that makes clear our priorities.

And I ask you to send me a complete budget that leaves matters settled and nothing left undone by the Legislature.

If you believe more cuts are needed, while I may disagree, make those cuts before you leave town. Cuts should be considered by all legislators in the full light a legislative session provides. I disagree during this critical time with the notion of leaving cuts to be sorted out later. It is sort of the reverse of spending by tranches. It may not come out the way you planned.

Let us finish our work now. If you feel more cuts are needed, it is now, with full public participation, those cuts should be made, not after the session.

AML funds

We thank our Congressional delegation for getting AML funds restored.

Senator Enzi, Senator Barrasso, Representative Lummis did yeoman's work to bring AML funds back to WY where they came from and where they belong.

This money helps especially in a time of constrained revenue.

The state will receive more than \$1/2B over the next decade. It goes without saying we will thoughtfully allocate these funds.

We are fortunate to have an influx of AML funds – they couldn't come at a better time. I gave my recommendations in a January letter to the JAC.

Medicaid expansion

As we move forward, even with the available AML dollars, tough choices will be required.

I wonder . . . are we willing to cut more than \$33M from literacy, tourism, local government, senior centers, and early childhood development – just so we don't have to expand Medicaid?

Five years ago, I stood before this body and told you I would fight against the Affordable Care Act (ACA). I kept that promise.

WY was a leader in the nation in standing against this ill-advised law. We fought, took it all the way to the U.S. Supreme Court and, despite our best efforts, the ACA was upheld as the law of the land.

We lost the legal battle and we lost the political battle. I have urged you to move forward with a solution. In a previous state of the state I said:

“My plan or yours or something better, we have fought the fight against the ACA. We’ve done our best to find the fit for Wyoming. We are out of timeouts, and we need to address Medicaid expansion this session.”

No progress has been made.

We have tried to find a Wyoming solution to our health care. We have not.

The Legislature appropriated \$3.25M for Healthy Frontiers. It failed.

The SHARE plan and other plans have been considered and rejected.

While no solutions have been found, we continue to face hard truths.

And many organizations have come out in support of Medicaid expansion.

These include:

Wyoming AARP

Wyoming Association of Churches

Wyoming Business Alliance

Wyoming Hospital Association

Wyoming League of Women Voters

Wyoming Medical Society

Wyoming Nurses Association

Wyoming Education Association

Wyoming Lodging and Restaurant Association

Wyoming State Chambers of Commerce

AFL-CIO

Blue Cross Blue Shield of Wyoming

and others too.

It’s a long list of supporters that’s getting longer and why is that?

By not expanding Medicaid, our hospitals are left with more than \$114M a year in uncompensated care costs.

That’s why these organizations support expansion.

Hospitals cannot cost-shift from patients who can pay to those who cannot to cover debt. If we do not act, we may lose hospitals.

That's why these organizations support expansion.

Many of our hospitals are operating on the thinnest of margins. They are cutting back services and all citizens lose when that happens. Some smaller hospitals must send patients to larger hospitals which then try to absorb even more losses.

That's why these organizations support expansion.

Federal taxpayer dollars from WY are going to other states for their health care. For fiscal conservatives among us, I point out WY loses \$310k every day we decide not to expand Medicaid and has lost more than \$220M since the start of 2014.

In contrast, if Medicaid is expanded, \$268M of Wyoming federal tax dollars will come back to WY over a two-year period.

That's why these organizations support expansion.

If Medicaid is expanded, we save over \$33M in the WY Department of Health budget at a time when we face revenue shortfalls.

More than 20k WY residents, not eligible for Medicaid and unable to afford insurance, remain uninsured.

That's why these organizations support expansion.

If we expand Medicaid, 90 plus % will be paid by federal dollars. If we do not expand Medicaid, 100% of the bad debt and charity care will be paid for by Wyoming taxpayers.

The choice is whether to accept 90 plus % from the federal government or continue to pay 100% ourselves sending that 90 plus % to other states.

If the federal government backs out on the promises, are we worse off than we already are?

Certainly this body has recourse.

You can set as a condition – we are out if the feds fail to live up to the deal.

I hear from those who do not want to support expansion in order to avoid federal money and any plans based upon federal money.

I would point about half of state agencies receive federal money every year.

For example, this last biennium, in just one year,

- Department of Health received \$408.7M,
- Department of Family Services received \$57.1M,
- Department of Transportation received more than \$313M (including Commission-side funding), and
- Department of Education received \$115.6M.

Should we not make long-term plans with those agencies just because they receive federal money? Should we ignore AML dollars just because they have proven to be uncertain? I think

the answer to that is, we should make long-term plans, we do . . . and we have been.

WY citizens and businesses already pay for the ACA. WY is sending money to other states.

I cannot discover a way to address failing hospitals, uncompensated care, and more than 20k uninsured without double dipping on WY taxpayers.

Few in WY like the ACA. I am among the many who don't like it.

It's certainly fair not to like my suggestion.

But it's not fair to Wyoming to leave these problems unaddressed – to suggest the solution is going to be a new Administration in D.C. that will fix it all.

I hope for changes such as an education or work requirement. We want significant changes. Our dedicated federal delegation will rightfully continue to push for changes.

In the meantime, which hospitals will go under, how many individuals will suffer from lack of care or use emergency centers for primary care, how many services will be cut to avoid Medicaid expansion, which business owners will lose a business because of health issues and no insurance? There is an urgency to this issue.

Because it has such a large budget impact, I have recommended DOH's budget with optional Medicaid expansion and a reduced standard budget of \$9.7M.

This means:

- DOH exception requests would not have to be funded with General Fund dollars;
- \$268M in added federal funds would flow to WY;
- these millions of dollars would be spent on hospitals, doctors, nursing homes, mental health centers and other providers in communities all around the state; and
- the economic boost would stabilize services and infuse federal tax dollars paid by WY citizens back into our cities and towns.

In January, the JAC voted 7-5 against Medicaid expansion.

It is now time for this Legislature to speak. WY is listening. Our talking points don't provide health care, our actions can. We fought the battle, we lost. What is the Legislature's solution to address these issues?

School Funding

As for school operations and school cap con, there are hard choices to make. We see disagreement with what I proposed on the ECA and where the JAC is now.

This is the most serious long-term budget problem.

It is long term because of what President Obama's Administration has done to diminish rather than improve coal.

The Legislature has been a tremendous supporter of education and we don't want to lose the momentum.

While we should begin that process today, this is not, as some suggest, the time to raise taxes. Clearly we are still spending on things we would not be spending on if we are at the point of considering more taxes.

There are no easy answers.

The districts remain supportive of the funding model. The robust funding provided by coal and other sources is not currently available. We will continue to push for coal, and markets for coal. But now coal is hurting and so too is funding for education.

The Legislature has worked hard on this issue but all of Wyoming has to step up to address education funding deliberately.

Over the next year we need private businesses, schools, legislators, the executive branch, and others to look at school funding and the options. Let's look before we leap. I see you are already headed in the right direction.

Conclusion

I see you have well over 100 proposed bills.

Make no mistake though . . . all eyes are on the budget and on us. During flush budget times, our jobs are easier, but this is the time that will define us.

Budgeting should have long-range perspective, it should not simply be an exercise in balancing revenue and expenditures one year at a time. Decisions should be based over a multi-year planning horizon because budgeting is about being consistent with the goals and plans of the state.

What we do now will either build or stagnate Wyoming.

Let's step up, with courage and build Wyoming, take care of our citizens, and provide a conservative yet positive path forward.

We need to do the best job we possibly can – do our part to keep WY strong and forging ahead. I believe we will.

May God bless our nation, state, and citizens and provide us strength for the difficult work ahead.