

STATE OF THE STATE  
MATTHEW MEAD, GOVERNOR

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Wyoming State Legislature  
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Good morning. Good to see you. Thank you.  
Good morning. Thank you very much. Thank you. Thank  
you. Thank you. Please have a seat. Thank you. Thank  
you very much. Very nice. Thank you. Thank you.

Good morning. Thank you for the warm welcome.  
I don't know that it can get any better than that. Thank  
you very much. It's very kind.

Mr. President, Mr. Speaker, members of the 63rd  
Wyoming Legislature, Secretary Murray, Auditor Cloud,  
Treasurer Gordon, Superintendent Balow, Federal Circuit  
Judge Phillips, Chief Justice Burke, all members of the  
judiciary, all military and veterans, fellow citizens,  
good morning. Thank you all for being here.

And thank you for those who are participating  
via the Internet or other media. We welcome all of you.  
And we're pleased that technology has many benefits,  
including the freedom to be wherever you want to be in  
Wyoming or anywhere else to take part in these  
proceedings.

I want to say good morning to my family. For  
those of you who have been here for four years, you've  
seen some growth in the -- in the kids. I mentioned at  
the inauguration that one place on the governor's  
residence wall -- which we'll make sure we get painted  
before we leave -- we have marked the height of our

children over the years, and it's remarkable. And we think they have grown not only in height, but in other ways, and in many ways they've grown up with this body. You all have seen them grow up. But it causes us all to reflect upon one of the main reasons we're here, for our kids and our grandkids.

And I can't imagine being here without the love and the support of Carol and Mary and Pete. I thank all of you for helping me get here and helping me do this job.

(Applause.)

I think it was my first state of the state, before I gave it, Pete wrote me a note. And his handwriting, you have to decipher a little bit back then, but he said, "Good luck, Dad. You'll do great." He signed it not Pete, but "best son ever." I'm lucky to have the confidence of my family and a confident family.

These are exciting times. It's a new year, a new legislature. We have some new faces in the legislature, in leadership and in our statewide offices. And I look forward to working with all of you. As I have told this body in the past, we are so fortunate in Wyoming to have a citizen legislature. Every one of you here have made sacrifice to be here. You leave your homes, your family, your work. And before we start this session, I just want to say to the President, to the Speaker, to all

of you, how much I appreciate and how much it means to the entire state to have your service, and I thank you for that.

I'm excited about the state and where we are. As I've done in the past, I have asked citizens of Wyoming to be here with me today so that I can recognize them, because we recognize that as the state is strong, it's because individual citizens do so much and have committed so much to our state.

And so first I want to start with Max Maxfield. Max served two terms as State Auditor, followed by two terms as Secretary of State. Last year, as you know, he decided to retire from state service. Max served Wyoming with energy, optimism, intelligence, honesty and civility.

Max and Gayla, we are sad to say farewell, but we wish you all the best. You both have served Wyoming, making a better place for us all. You are friends. You are dear friends.

And I ask all of us to join me in recognizing Max and Gayla and their service.

Max, would you please stand.

(Applause.)

We are fortunate to have with us, as we've had in years past, members and representatives of the Shoshone and Arapaho Tribes. And I got to meet with them before I

came up here today, and they were gracious in letting me know that they had time on their hands, and they were -- they offered to write my speech for me, and which I thought was a wonderful thing. That message wasn't passed on through staff, otherwise I would have taken them up on that.

But there's no question we have challenging issues to deal with, which is sometimes the case with sovereigns. But no matter what, we do remain friends and neighbors with a common interest, that being a great affection for this beautiful place, Wyoming, we all call home.

If the tribal members would please stand. We always enjoy the opportunity to welcome you. Thank you for being here.

(Applause.)

One of the great privileges I've had in my role as governor is to get to work with the men and women of our Guard. And I do wish on occasion that I could articulate what my eyes have seen of the work the men and women of the Guard do. It's absolutely amazing. And when I see them off as they're being deployed overseas, know this, that these men and women -- often it's very early in the morning -- they are hugging their spouse good-bye. The grandparents are hugging them good-bye. And sometimes

you'll see a young mother or a young dad kissing a young infant good-bye. It's a remarkable thing, because each one of them stand, raise their hand, and agree with everything it takes, including their life, to serve and defend this country.

We have about 2800 members in the Guard. Men and women of the Guard are ready for duty here at home and when duty calls them to a distant land. The Guard fights fires and much more, including fighting the war on terror. Wyoming soldiers have been busy. They've been in the thick of it; deployed overseas, serving bravely, missing home and family, as we miss them and anticipate their return.

Service and sacrifice. Service and sacrifice, whether for a single tour or over the course of a long military career, are no small things to give. They are huge, and we are deeply grateful.

General Luke Reiner, Wyoming's Adjutant General, is here. And I would say, General, we appreciate what our Guard, what all our military members, what our vets have given for Wyoming and for America.

General, we want you to stand so we may recognize you and the Guard.

(Applause.)

Today, this morning, I think it's appropriate we

remember John Schiffer. John served as a Wyoming senator for over 20 years, from 1993 until his death last June. In his long public service career John served in numerous leadership positions, including Senate President. He was an advocate for the Natural Resource and Wildlife Trust, and, among other things, was a supporter of education and mental health programs. He brought great intellect and a rancher's common sense to the legislature, and he had those big, big strong hands that were representative of his big heart and care for Wyoming.

He made a positive difference for each of us, and made a positive difference for all of Wyoming. And I ask you now to join me for a moment of silence in John's memory.

(A moment of silence was observed.)

I'm thinking today also of 12 hours in the cold, in the dark, those who battled the blaze in Dubois on December 30th. We thank you.

The fire was a tragedy, and we are thankful there were no deaths or injuries. The town will rebuild, as unique and wonderful as ever. I have no doubt. To the people of Dubois, please know you also are in our thoughts and our prayers.

Now, I have broken my speech into two parts, two big parts. I want to first talk about the last four

years, and then talk about where we should go from here.

The last four years... We did what we said we were going to do, and we've gotten results, and it's the way government should operate. We built upon the success of prior governors and prior legislators, and together we have made great strides for Wyoming.

When I took office in January 2011, Wyoming's unemployment rate was about 6 and a half percent. The state budget has doubled -- had doubled the previous decade, and the state was coming off a period of government expansion.

High-speed broadband was limited. Only two cities had Ethernet at their schools. There was no state energy strategy. There was no water strategy. And in my mind, there was a growing, growing need to push back against federal overreach.

To set a course -- to set a new course there was no time to waste. Nine days into office, my first state of the state address, I announced my vision for Wyoming. I said we would be focusing on the economy, focusing on broadband, infrastructure, assisting local government, consolidating state government, education and federal actions that were adverse to our state.

As part of our focus on the economy, we would continue to support our big three industries -- energy,

tourism and ag -- and that we would also seek to diversify our economic base. This was a tall order, but this is Wyoming, and we do not shy away from big tasks. So we took this on, all of it, and four years later we see the difference.

Starting with the economy. We made a real push for jobs, economic growth, diversification and supporting our big three. Here's some of the highlights. We have been able to welcome new enterprises, for example, NCAR, Microsoft, Searing Industries, Magpul, HiViz and oil-to-rail facilities.

We've been developing and beginning to implement our state energy strategy. In the last session you provided funding to continue with initiatives in energy strategy.

I have, and some of you have, gone to trade missions to places such as Hong Kong, Canada, South Korea and Taiwan to promote trade and tourism.

We've been funding predator control and brucellosis management and helping provide relief for drought and flooding.

We've provided strategic incentives and recruiting hard for data centers. Our efforts are paying off. Microsoft recently opened an innovative biogas-powered data center. The company is also investing 274

million in data center expansion, bringing its involvement in Wyoming to nearly half a billion dollars.

In December, Wyoming was recognized as a leader in the country for data center recruiting. This is the third year in a row Wyoming has received that recognition.

We have built our tourism in established markets, and established new ones as well. We love telling people about all Wyoming has to offer, and we love to show it to them.

Two years ago we added a new sporting event in Wyoming, the Cowboy Tough Adventure Race, to annual summer activities. For those of you that haven't seen that, it's got to be the toughest race in the world, as far as I'm concerned. It is truly cowboy tough.

On July 10, 2015, Wyoming will mark the 125th anniversary of statehood. This will be another special occasion for all of us to enjoy and to invite visitors from near and far.

Our focus on the economy has paid off. We see the success and we see national recognition of our success.

Wyoming has received a number of accolades recently, including: The highest possible rating from Standard & Poor's for the last four years; we have the number one ranking for 2015 as the state with the best tax

climate for businesses; we have been ranked as having the best return on investment for taxpayers in 2014; we have the lowest state, lowest tax -- local tax burden; we have the lowest foreclosure rate in the nation; we are ranked now as the second-most pro-business state in the country; we are third best in economic performance. And in 2014, more Wyoming people were employed than ever before in the history of our state.

These rankings are important not for boasting rights, but they show the progress that we have made in four years. The economy was a priority four years ago, and we've made great strides.

Broadband was a priority, and we've made great strides. This brings opportunities -- broadband brings opportunities for schools, businesses and individuals and for development of a tech center. I mentioned that when I started, only two school districts had Ethernet speed. Now everyone, every school district, all 48, have Ethernet speed.

We've increased high-speed connections to our schools by over 1900 percent. We've held summits to move broadband forward in 2012, '13 and '14, and we'll continue to do so.

And last year, as you all know, I asked for funding for the Unified Network. This network, I'm

pleased to report, as of today is fully built. We got it done in less than a year. This network brings an even higher standard of broadband to our state, more fiberoptic connections and gigabit speeds. The state has been a facilitator, helping on rights-of-ways, providing infrastructure upgrades for our schools and government, and they'll be also available to the private sector. We all, you, prepared the ground, but the private sector is now delivering the goods.

Ron McCue, who is president of Silver Star Communications. Last November Silver Star launched an initiative to offer gigabit-level broadband to communities in Western Wyoming. Efforts like this make Wyoming more competitive for tech businesses, for people who want to run global businesses from a home base in Wyoming, for everyone who uses a computer.

Gigabit-level broadband gives Wyoming the type of access usually associated with large cities. Such access makes Wyoming a leader in broadband and a player in tech. We have not been called these things in the past, but we are now. We should be proud of this effort to diversify our economy.

Ron, we recognize what business leaders like you are doing to make Wyoming a leader in broadband and a player in tech. Ron, please stand so we can recognize

your effort.

(Applause.)

So I've talked about the economy, and I've talked about broadband. Another priority four years ago was infrastructure. We know that for communities to thrive, for quality of life, for economic growth, and for commerce generally, infrastructure is essential.

We've been paying attention to Wyoming's infrastructure. Not counting school construction, here are a few examples: We've provided funding for the Gillette Madison water project and recognized future funding needed for completion; we passed a 10-cent per gallon gas tax increase -- that produces \$47 million for the state for road maintenance; we funded a new UW College of Engineering -- 95 million, and \$15 million match for construction; we've provided initial funding for five state facilities that need renovation, including the State Hospital, the Life Resource Center, the Veterans Home. You set aside 35.7 million to start and 20 million -- 20 million more from the fiscal -- for fiscal year 2015. We have provided funding for municipal landfills; we've supported the business council loan and grant programs for community development.

We have and should continue to invest, and we should continue to save. And the fact is, we have seen

record savings. And we can be proud of that. But we have opportunities, again not down the road, but this session, to invest in more infrastructure. We do this because we know that Wyoming, the Wyoming we enjoy today, was built by those with vision and with courage. Our forbearers did not view the role of government as a bank. They were not hoarders, but builders. As we judge their work, we will also be judged on what we build for future generations. What opportunities have we provided for our children and our grandchildren? Have we made Wyoming a better place?

Another priority four years ago, and still, was assisting local government. Work gets done and lives are lived in our cities and towns and our counties. We know how great it is to live here, and we want our communities to keep doing better, for residents to attract more businesses and visitors.

We have additional funding -- we have provided additional funding to local government each of these last four years. And during my time in office, more than once I have suggested a longer-term solution for funding local government. That included looking at a portion of the statutory 1 percent diversion. Added funding always matters, but when it comes a year at a time, in differing amounts, or perhaps not at all, this tends to hamper local planning and development evidence.

There's no question we have done well by local governments these past four years, but we still need to decide on longer-term funding for local government that they can count on, and this is the time -- now is the time to work towards a solution.

One of the other areas that we have stressed these last four years is consolidating government. And we have done so. For example, we have addressed backlogs and delays; we got all state employees on the same email system; we have merged two agencies; we have developed a meaningful employee evaluation system; we have consolidated IT services; we reduced the standard budget by over 6 percent, reducing ongoing spending by over \$60 million a year; we began a rules initiative for state agencies, and have significantly reduced roles -- rules, some have reduced by almost 50 percent; and we have amended the state law to allow further reductions to provide an updated database, which will give everyone better access to rules; we have fewer employees now than we did four years ago.

State government has become more effective and more efficient. We are doing more with less.

Also a priority four years ago, and now, is education. As a state, we make sizable investment in education through block grants and school construction

funding. In turn, such an investment should yield the best education possible for our kids.

We started work on education accountability in 2011, and it continues. I note this session you will consider a bill to improve the state assessment system.

We have, over the last four years, increased awards under the Hathaway scholarship program. We broke ground for the Enzi STEM facility at UW. We provided funding for UW science programs and facilities, and more is in my budget this year. I ask for your support on that proposal.

We joined Complete College America, CCA. We know the demands for our students to have a postsecondary education is rising. CCA is another tool to help Wyoming students get the education, including, importantly, Career Technical Education they need to succeed.

We now have STEM Summits in Wyoming. And last April I attended the rollout of the STEM initiative for Sublette County School District 1. Fact is, STEM education is important at every level, and I look forward to more events like this.

All this work on education is lost without great teachers, teachers like Tyler Bartlett. Tyler is the 2015 Wyoming Teacher of the Year. He's a math teacher at Newcastle Middle School. He's in his sixth year of

teaching and loves his job.

When he received his award he said, "There's a lot going into being -- going -- there's a lot that goes into being a successful teacher. Sometimes we focus too much on teaching and not enough on learning. I think the real bottom line is that students have to be learning." Wise words, and Tyler puts them to work in his classroom, getting students engaged in their own learning.

Tyler teaches a STEM subject, and is representative of the excellent teachers that we have in Wyoming.

Tyler, please stand so we may recognize you.

(Applause. )

Congratulations, Tyler.

We will keep working on education, every level -- early childhood education, K-12, our community colleges and UW -- to get things right. For the future of our state we have to get education right.

Another priority four years ago, and now, is federal actions that adversely affect our state. And I will say Wyoming has been very aggressive these past four years in opposing federal actions that affect our state. Sometimes we prevail. Fact is, sometimes we don't. But we know we cannot look the other way because the impacts are too great. We must continue together to stand against

federal overreach.

One of my first acts in office, in fact, was to ask the Wyoming Attorney General to join the constitutional challenge to the ACA. This is an important lawsuit, and Wyoming had to be part of it. Many of us, including myself, did not like the result, but Wyoming did need to be involved.

We've also been very active in filing or joining actions to support grazing rights. We in Wyoming know how valuable ag is, not just to our state, but, in fact, this country. It is one thing to not -- as a country to not be able to fuel yourselves, it's another thing entirely not to be able to feed yourselves. We have to continue to have strong support for ag.

In December we filed a case in Wyoming Federal District Court to require BLM to better manage wild horses.

We continue to fight for Wyoming's regional haze plan, and it's a good plan, for addressing visibility. Last fall, the Tenth Circuit upheld the state's plan regarding sulphur dioxides. And recently, we filed our brief in the Tenth Circuit in support of the state's plan as it relates to nitrogen oxides.

We have, as many of you know, most frequently done battle with the EPA. The reason is simply EPA

rulemaking, under President Obama's administration, has been troubling at best. Wyoming is opposing the power plant rules, the proposed rules for waters of the U.S., as well as many other EPA act -- EPA actions, and we'll continue to do so.

Wyoming's fight against federal regulatory overreach will not stop. Along with the Attorney General, along with the support of this body, we must all continue fighting for Wyoming.

Looking back at the past four years, there's some other matters I'll mention. We have reduced the DD wait list. We've undertaken job initiatives, including those with -- for those with disabilities. We will continue our work in this area with unemployment -- the Employment First concept.

At my direction, DFS has appointed a statewide homeless coordinator -- coordinator, and will create a 10-year plan to address homelessness. We have renewed our focus on suicide prevention with a statewide initiative.

Regarding worker safety, I support and I appreciate the safety alliances formed by the oil, gas, transportation, refinery and construction industries.

At the state level we've added new OSHA safety positions. We've created a \$500,000 fund to provide matching grants to companies for safety equipment and

training. We created a program to reduce workers compensation premiums for those willing to participate in health and safety consultations.

In addition, Workforce Services has developed annual reporting for better analysis of on-the-job accidents.

In 2013, we had a better year. We saw improved statistics, fewer fatalities and hospitalizations. This was encouraging. We haven't got the numbers on 2014, but we have reason to believe at this point that 2013 is going to be a better year than 2014. We need to continue to look how we do better as a state to emphasize workplace safety and improve job safety.

I know, as you all do, employers care, we all do, about getting workers home safely at the end of the workday. We have been headed in the right direction, but there is more progress to be made, and we have to keep at it. We will. For example, one of my funding requests is for passing lanes, and that is safety related.

Finally, in this look back, I'm very proud we have passed a law for veterans. In 2011, we created the Wyoming Veterans Home -- excuse me, the Wyoming Veterans Welcome Home Day. Thanks to this law, at the end of March every year we hold ceremonies in communities around the state. This day is especially for vets, like our Korean

vets, our Vietnam and Gulf War vets, who perhaps did not receive a proper homecoming after their military service ended.

And as I go to each one of these events at the end of March, it's a remarkable thing what you all have done on that Welcome Home Day. Because as you see these vets and you greet them, after you say a few words, it's -- it's astounding, because you have Vietnam vets, for example, who will greet you sometimes just with a nod or a handshake, sometimes with a hug, oftentimes with tears in their eyes, saying, "It's all I ever wanted, is to have somebody say 'welcome home' and 'thank you for your service.'"

Certainly --

(Applause.)

Certainly that is the least we owe our vets. So I congratulate this body in that wonderful concept. It has been tremendous.

And today we have a vet with us who knows what it's like not to get what you should when you return home. Arturo Archuleta served as an Army infantryman in the Korean War. In 1951, Art was wounded in action and earned the purple heart. A few years ago it came to light the medal was never awarded.

Last November, 63 years after the fact, the

situation was put right. Art received his purple heart at a ceremony in Cheyenne. It's never too late to put things right.

Veterans initiatives like the Welcome Home Day, special license plates, recognition for -- of service for professional licing -- licensing, and in-state tuition convey our respect and gratitude.

Art, we thank you and all our vets for serving and making sacrifices for our country. Art, please stand so we can recognize you.

(Applause.)

To sum up, Wyoming has come far these past four years. Compared to unemployment at about 6 and a half percent in January 2011, we have unemployment at 4 and a half percent in November 2014, significantly lower than the U.S. unemployment rate.

Compared to ballooning costs of state operations the past decade, our state budget is staying relatively flat. We have improved state government, enhanced technology and infrastructure, given extra support to local government, developed an energy strategy, grown and diversified the economy, and tackled other tough issues.

So today I'm pleased to report to all of you, with full confidence, the state of the state is strong and getting stronger.

(Applause.)

This is because of the work you've done. For example, creating a great climate for business. This is because of Wyoming's natural advantages, including abundant mineral and energy resources. Above all, this is because of Wyoming people, our greatest strength.

We should not take our eye off the ball now or our foot off the gas. We have built a solid foundation for our future. We will move ahead by building on the solid foundation laid, not by standing still.

We have been sowing the seeds and harvesting the crops. If we continue to plant and steward well, we will leave greener pastures and even a better legacy.

We have the fiscal resources, the people resources, the natural resources, and the civic leadership to make the difference for generations to come. We look at the next four years with -- I look at the next four years with great optimism.

In my second term, I will continue to focus on the areas I've talked about today. They've been important from day one. They remain important, and there's more we can do on each.

To add these initiatives -- to add to these initiatives, I would add coal initiatives, advancing our energy strategy, increasing international trade, forest

health, Medicaid expansion and implementing our water strategy.

Again, I ask that we take on a great deal, but, again, I say Wyoming is always up to the challenge.

Regarding coal. Coal is critical to Wyoming, and we must assure its future. Beyond that, coal is critical to this country's future. And in my lifetime, I've never seen an onslaught against a single industry, a single commodity, like the Obama administration's anti-coal agenda. The EPA has had a green light to go after the coal industry, and six years later coal is still targeted by federal regulators.

The coal industry provides about 40 percent of electricity for this country. It keeps us warm in the winter and cool in the summer. It keeps the lights on and the factories humming. It is, in fact, the fastest growing energy source in the world.

Here in Wyoming, the industry provides revenue for schools and infrastructure and thousands of direct and indirect jobs for Wyoming workers. In the coming years I will continue to work with bulldog determination on coal initiatives, port expansion, new technology and value-added products. In the coming years we don't need to let up, we need to double down. We must assure coal's continuity. There are legitimate opportunities, such as

the Integrated Test Center project, and we must seize them.

We fight for coal, and we will fight for oil, and we will fight for gas and trona and uranium and other resources if they are targeted by oppressive federal regulations.

And part of that is advancing energy strategy. Last -- last session you funded continued work on initiatives identified in the energy strategy. Our task is to go further to advance the strategy issued two years ago this May, by continuing the work on the initiatives and identifying new initiatives.

I mentioned international trade. Here's an interesting statistic. From 2010 to 2013, international trade grew from 983 million to 1.35 billion, a growth of 36 percent. We want to see that growth continue. And you have added 315,000 -- \$350,000 in the biennial budget to develop international trade, funding I fully support. We are -- my office and you all can use this funding productively to continue the progress that we've made.

Our forests, as you know, have been a challenge with beetle kill. And forests are a great resource. They provide homes for wildlife, lumber for industry, and places for recreation. We want our forests to be as healthy as possible, and so many have been devastated by

beetle kill. I put together a task force to look at the condition of our forests and make recommendations. I support these recommendations and have included funding in my budget proposal.

Last session the legislature asked the Department of Health to find the best deal possible for Wyoming under the ACA. We have seen over the last four years much more flexibility from HHS and CMS. Our Department of Health was able to craft what we believe is the best plan for Wyoming. Some in the legislature are looking at an alternative plan, and I appreciate their work.

Regarding the ACA, you, as I, may not like it, but it is upon us. We challenged it, but it is upon us. Two years ago -- not last year, two years ago -- as I said in my state of the state, let us try within the law that is upon us to find the best deal, the best -- best fit for Wyoming under the ACA. I feel the say -- feel the same, say the same today.

And here's some facts regarding ACA. Fact is, small and large hospitals are anchors in our Wyoming communities. Fact is, businesses make clear to me they cannot recruit new people to an area without reasonable healthcare. Beyond that, they can't keep people in an area without reasonable healthcare. And if small

hospitals close, our rural towns will suffer tremendous loss and opportunity for the future.

Fact is, we have working men and women of Wyoming who cannot afford healthcare. This is true now as it was when both I and the legislature supported Healthy Frontiers in an attempt to address the issue.

The fact is, the Wyoming Hospital Association reports \$200 million in uncompensated care. The number in terms of actual costs they believe is around a hundred million dollars.

Fact is, economic analysis shows that Medicaid expansion would create about 800 jobs in Wyoming.

The fact is, many of us don't like the ACA, including me. But here's another fact, our federal tax dollars pay for ACA. Wyoming federal tax dollars help pay for the ACA. Do we choose to have that support, that Wyoming money, return to Colorado, to California, or to Wyoming? I say Wyoming.

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.

Water strategy. Wyoming is subject to seven water compacts and two Supreme Court decrees. Water we are not committed to providing others under this compact

and decrees belongs to us. It is Wyoming's water. And Wyoming water is key to our future. All of us need water: municipalities, industries, ag, and individuals. It is our most important natural resource.

Water, more than anything, is tied to everything we do in the state. It's tied to everything we have done, and it's going to be tied to everything we do in the future. Yet Wyoming has not had a water strategy. Developing a water strategy was one of the initiatives identified in the energy strategy.

Over the last year or so, with wide public input, we have put together a very good strategy. It's going to be issued tomorrow and available online and in hard copy. The strategy includes a 10 in 10 proposal -- 10 small reservoir projects in 10 years -- and nine other initiatives, including a proposal for Fontenelle.

The time to protect our water is now. And as a state, we cannot afford to delay.

The supplemental budget gets us started on that. I ask for a transfer of about 18.6 million for the Water Development Account II. I hope you'll approve this request and the rest of my budget proposal. I also hope you'll consider supporting the water strategy in future budgets as you have supported the energy strategy.

The budget in general. This is a general session, so I have before you a modest \$156 million budget proposal. It is a conservative supplement to the biennial budget. I believe it positions well -- Wyoming well for the years ahead. It strengthens our UW and community college system. It makes investments in strategic areas.

The fact is, the state has these funds. We are well over \$1 million in reversions, money unused by agencies, which together with SIPA dollars fully funds my proposal. With your recognition of the reversions, all funding is available.

My proposal keeps government operating costs relatively flat. State agencies have worked hard to keep budgets trim. Only 17 million, less than one half of a percent of the standard general budget is increased by my biennial budget, and is for operating and ongoing expenditures.

Now, I do make some funding requests that do not add to the future budgets. They are one-time proposals. These include \$25 million for local government; 6.4 million for the municipal solid waste cease and transfer program; 21.2 million for passing lanes on Highway 59 between Douglas and Gillette and between Casper and Shoshoni; funding for the High Altitude Sports Performance Training Center, unconventional oil & gas

reservoirs research, an entrepreneurship initiative, science initiative, literacy program and athletic competitiveness, all at UW, and subject to private matching funds.

Here's the deal. We have one four-year land grant university. In those areas important to Wyoming such as ag, science, engineering, we do not need to accept playing second fiddle to anyone. Private citizens are recognizing this. Private citizens of Wyoming have been giving many millions of dollars out of their own pockets to UW. And as with engineering, the science initiative has the ability to be transformational, making UW a leader, making Wyoming a leader. We want important academic programs at UW to be top tier.

And the same is true with athletics. I care about us competing. I care about us winning. It not only brings pride to our state -- for example, the UW basketball is in the top 25, as you may know. And this helps recruit students, increases alumni dollars, and builds the university.

The funding I'm asking for for UW will serve notice loud and clear brown and gold is not fading. It will be brighter. We will be leaders in business, education, science, athletics, and many other areas.

Now, some of my funding requests may reoccur,

but they would have to be asked for and approved again. For example, a new initiative I'm introducing today is called Wyoming Grown. Here is the situation. For decades Wyoming has had challenges keeping our kids in Wyoming after they graduate. Research shows that of all 18-year-olds working in Wyoming, on any given year, only an estimated 40 percent are still working in Wyoming 10 years later. We're losing 60 percent of our greatest talent.

Wyoming Grown will seek to recruit Wyoming computer programmers, doctors, welders, engineers and others, who have left the state but can continue to build their careers and raise their families here.

Workforce Services will use its network of employment specialists to connect job seekers with job opportunities. As part of the initiative, the tourism office is developing a Web page to highlight the wonderful qualities of our -- that our communities have to offer.

The initiative is not costly. I've asked for \$10,000. But it is critical for continuing to strengthen our workforce. Businesses recruiting people -- businesses recruiting people to Wyoming know that if a Wyoming kid will come back, it's a great fit, because they are coming home. Let's open the door to get our kids home.

Another initiative in my budget proposal is for

job training and placement. We see what the private sector can do to help people become self-reliant.

We have with us today Ray Fleming Dinneen. She has a UW business degree, a doctorate in psychology from UNC. In 1986, Ray saw that single mothers needed help reaching independence. With her mother, Pat, she founded CLIMB Wyoming, a nonprofit organization which provides single mothers the resources needed to succeed on their own.

The program benefits mothers, children, communities and the state. It started in Cheyenne and branched out to other communities. Ray remains executive director.

More than 1600 mothers (with nearly 2600 children) have been served by CLIMB Wyoming.

My request for job training and placement is \$1 million, and is subject to private matching funds. It's intended to allow innovative programs, like CLIMB Wyoming, to reach more people.

Ray, it's been remarkable all that you have done. Please stand so we can recognize your effort.

(Applause.)

While the supplemental budget gets us started, there are other items in my budget that keep building Wyoming. These items are a list of forward-looking

initiatives.

And here we have to recognize some hard facts. With oil dropping, the revenue estimates will be going down. And it should be a concern for all of us. But the fact is, it's not something new to Wyoming. We've experienced this in the past. Some of you have experienced it in the past from the legislature. But we are in a better position now than we've been in the past. We have positioned ourselves. And with less government, more efficient government, we will work through this. We will be able to continue to build Wyoming.

Fact is, in Wyoming we have never spent revenue we don't have in hand. We're not like D.C., and we never will be.

We recognize the drop in oil prices. For each \$5 drop, the state loses about \$35 million in revenue a year. But we know safely we have 220 to 240 million for the next fiscal year. This counts reversions and SIPA, which I already mentioned, and investment earnings as of December 10, 2014, which will be realized on June 30, 2015.

This does not come out of savings. It fully funds my supplemental budget, as I've said, and it leaves money left over for the list. I'll single out a few. As I said in my budget message, we need to fund the Gillette

Madison and the Capitol Renovation projects. I don't view either of those projects as optional.

In addition, we need to look at industrial parks, like the Heartland project in Canada, which would allow companies to cluster, benefit from each other, develop technologies and produce innovative products from our natural resources. They are vital to our economy, especially to energy, manufacturing and tech businesses. They'll benefit from the synergies such parks will provide.

These parks need infrastructure to get off the ground. The startup cost for a reserve account would be small, a small down payment for big future gains.

This year marks the 10th anniversary of the Wildlife Trust. Fully funding the Wildlife Trust would be a one-time expense, or, rather, a transfer to a different savings account. Once fully funded, the Trust would carry itself and would not be in any future budget. Full funding would show that in Wyoming we do not just talk about balancing conservation and development, we actually do it.

With us today is the Bousman family. They have been ranching in Boulder, Wyoming for over a century. The ranch has several thousand acres of private land and also uses federal grazing allotments.

Brad Bousman was the first to sign a Candidate Conservation Agreement with Assurances for sage grouse, and the first to ask about a similar agreement called a CCA, Candidate Conservation Agreement, used for federal lands. We congratulate him for these firsts.

Brad and his family represent the commitment of private landowners to take voluntary actions. Brad, we thank you for your commitment to conservation, and please stand.

(Applause.)

Like the conservation efforts of private landowners, the Wildlife Trust is a powerful force. It benefits ag, tourism, energy, wildlife and recreation. It preserves our rich heritage. We can secure the Trust in perpetuity by fully funding the corpus.

In addition to addressing items on the list, we must also address our state's fiscal policy. Wyoming has billions of dollars in various savings accounts. The rainy day fund alone, during my time in office, which is a liquid account, was almost doubled. It has \$2 billion in it. And the permanent mineral trust fund has grown by 55 percent in my time in office. Last year, \$1 billion flowed into liquid and permanent savings accounts.

The CREG estimates, as we now know, do not tell the whole story. And the CREG does not provide a fiscal

policy. There are questions to be asked and there's questions to be answered. For example, how much should we have in savings? What is the purpose of the rainy day account? Can we count earned investment income for planning purposes? In answering these questions, we need to recognize the stock markets can go up and down, but infrastructure has inherent value.

We need a sensible -- sensible fiscal -- fiscal policy going forward so we can continue to save and also continue to invest in the future. We need transparency. We need predictability. We need clarity. Only then, in good times and in lean, can we provide the best future for Wyoming. These discussions have already begun with leadership. They've got some great ideas. We must continue this conversation with the entire legislature.

As we go about our work, we continue in every way to be inspired by people around us, and I want to recognize a few of them today. Wyoming's 11,000 family farms and ranches give our state its special look and its special feel. Open spaces, beautiful views, historic buildings, growing crops, grazing livestock, we have these things and more thanks to Wyoming ag. The working hands on our ag lands make these operations tick and keep rodeo our state sport.

Russell "Pinky" Walter is from Lingle. He started in rodeo as a bull rider and served as a pickup man for bareback riders. Today he manages a ranch north of Fort Laramie. He still steer ropes. Pinky has spent his entire life on horseback.

The people he met on the rodeo circuit and while ranching got Walter thinking about a Wyoming Cowboy Hall of Fame. He and others interested in the idea carried it through. A Hall of Fame Board -- and Pinky is vice chairman -- established high standards. To qualify for induction, a person has to be more than 45 years old and have spent a majority of their life working on horseback on Wyoming ranches. The first induction ceremony was last fall.

Pinky, we recognize you, all Wyoming cowboys and cowgirls, and the initial inductees in the Wyoming Cowboy Hall of Fame. Pinky, you help keep Wyoming "Forever West." Thank you, Pinky.

(Applause.)

Pinky, as an aside, I used to rodeo in high school, and there's no chance I'll ever be in that Cowboy Hall of Fame.

We think always about the importance of education in our state and what it means for kids and for our future. Walt Nolte -- Nolte represents our education

system beyond K-12. He's been president of Casper College for the past 10 years. With leaders like Walt, our university and community college system is getting stronger and stronger.

UW and our seven great community colleges -- and they are great -- are on the same page. They want to provide the best post-high school education possible in our state, including what I believe is so important, career and technical education. They are focused on student success. It's a team effort, not compensation among entities.

Walt will retire in June, and he leaves behind some impressive achievements, for example, the largest enrollment in college history, a dozen new programs, and five new buildings.

Walt, I thank you. We all thank you for your work. You'll be missed. Please stand so we can recognize you today.

(Applause.)

Our predecessors made decisions that put Wyoming in an enviable position, and it is our job to preserve and improve upon it. We are a leader in energy, the environment, and many other areas. We're happy to take on the responsibilities that go with leadership, now and in the future.

Since I took office, the constant in all my messages, besides Wyoming's strength, has been putting Wyoming first, believing in our people, local government, our small businesses to invest in our state and its future. My faith in Wyoming is as strong as ever.

We are small in number, but our citizens have kept the attributes that have made our state great. Independence, entrepreneurial spirit, optimism, humor and grit. We have these. Our folks have these, their kids, their grandkids. We must keep them in mind when we invest in the future of Wyoming. We have them in mind with all the decisions we make.

So as we go forward with courage, with respect, with civility, with motivation, not for ourselves, but for Wyoming, they make the future bright. May God grant us the wisdom. May God bless our state, our country, and all who live in our wonderful land. May God bless you. Thank you very much.

(Applause.)