

Gov cuts budget by \$231M

By BEN NEARY
Associated Press writer

Thursday, June 4, 2009 7:39 PM MDT

CHEYENNE -- Wyoming Gov. Dave Freudenthal on Thursday announced state agency funding cuts of more than \$230 million in response to falling energy revenues.

The cuts reduce most state agency budgets by 10 percent.

Economic forecasters last month said revenues for the fiscal year that starts next month will be more than \$60 million less than they predicted in January. They warned state operating funds could sink by more than \$500 million next year.

The Legislature this spring gave Freudenthal authority to cut agency budgets to deal with the state's financial downturn.

Freudenthal announced his cuts in a letter to Sen. Phil Nicholas, R-Laramie, and Rep. Rosie Berger, R-Big Horn, co-chairs of the Legislature's Joint Appropriations Committee.

Freudenthal noted that Wyoming's Consensus Revenue Estimating Group said last month that the state's future ability to generate revenue may be "more pessimistic" than the bottom-line figures for the coming fiscal year would imply.

"Future changes to FY 2010 revenue projections are therefore possible -- if not likely -- and necessitate significant additional spending reduction in light of this report's cautionary narrative," Freudenthal said in the letter.

The cuts announced Thursday include nearly \$43 million from the Department of Health, mostly from the Medicaid budget.

"While we have made some substantial increases in provider reimbursement during the past several years, there is no doubt that these budget cuts will have a significant impact on the provider community," Freudenthal said.

The governor also said he is recommending capping enrollment in the SCHIP Kid Care program at 5,900 participants. The program provides subsidized health insurance for children. There are now just over 5,500 in the program.

The cuts also include \$18.4 million from the School Facilities Commission.

"These reductions are only a first step," the governor wrote, "as forecasts suggest a shortfall of nearly \$100 million in the foundation program next biennium."

The governor said the state will face an additional shortfall of \$230 million if it tries to maintain its current level of school construction spending.

Other cuts include:

-- \$18.3 million from the University of Wyoming, including a reduction of \$4.7 million in endowment matching funds.

-- \$8.8 million from the Department of Family Services, mostly from a program that helps poor

people weatherize their homes.

-- \$14.9 million from the Department of Corrections.

-- \$17.1 million from capital construction funding. Freudenthal said planning for a new state office building will be delayed.

-- \$13.8 million from community colleges.

Freudenthal didn't make any cuts to the Department of Transportation. He said appropriations have already been committed to construction projects. However, he warned that there will likely be severe cuts to construction funds in the coming biennium.