

Like a house, a durable economy must be built on a solid foundation. If the footings are not competent and fixed in solid ground, the structure will crumble. Wyoming economic substructure is too narrow and will benefit from being broadened.

That is why Wyoming's economy has started showing some cracks recently. Every Wyoming citizen should know well how dependent we are on mineral commodities and so our fortunes are linked to the booms and busts of their cycles. This condition is not unique to Wyoming. Every state which relies on natural resources for funding is suffering the same pattern. It is how we react to adversity though that will spell the difference between failure and remaining fiscally sound.

Good times can come again, of course, but "hope" has never been a good strategy. Perhaps that is why some very wise leaders in our state's past worked so hard to make sure our state would have the tools to establish a strong foundation for the future when they (and we) created the Permanent Mineral Trust Fund in 1974. More than just a savings account that could be spent in tougher times, the PMTF represented a substantial move towards creating an investment portfolio that would continue to provide income long after the minerals that have underpinned our economy are gone.

When I was sworn into the office in the fall of 2012, all told Wyoming's portfolio stood at just about \$16 billion dollars. About 1/3 of it was in the PMTF. What Wyoming's investment portfolio earned was already one of the State's top three revenue sources even after having just gone through the "Great Recession" of 2008.

Today that portfolio has become even more important for Wyoming. The income it produces is not only crucial but arguably steadier than many of the state's other revenue streams. In my time as Treasurer, I have never forgotten the fact that the work my office does saves every Wyoming citizen almost \$150 dollars in taxes every month. Spending our savings and expecting high times to return will absolutely impede our ability to get that done and consequently weaken the strong fiscal foundation Wyoming has enjoyed historically.

I never felt the pressure of the responsibility of the Treasurer's Office more than I did a little over a year ago when the price of oil fell from over \$100 to just over \$25 per barrel. At the time coal was also under attack from an administration bent on putting one of Wyoming's most important industries out of business. Correspondingly, Wyoming saw the biggest drop in expected revenues in her history and it came as a complete surprise in a way that affected our nation's overall economy. Markets worldwide slumped in response to the diminishing fortunes of even some of the largest energy producers.

Wyoming suddenly had to recognize that she no longer had as much income as she had thought she would and that has prompted serious conversations on how we are going to pay for schools, repair the prison, finish all the buildings included in the "Capitol Square" project, build out all that is planned for the University and and so on. Predictably, as there will always be, some will be tempted to spend our "savings" so we won't have to change our habits.

The challenge we face in these times, though, will be how well we balance temptation with prudence. Spending wastefully will erode the foundation of Wyoming's capacity to diversify our economy beyond its historic dependence on commodities. Hoarding without expressed purpose, though, is equally shortsighted. Our state's economy can only stand if it is built on a strong foundation of fiscal common sense, wise spending, and thoughtful investment.