

FISCAL NOTE

This bill contains three transfers from the Legislative Stabilization Reserve Account (LSRA): 1) \$90,000,000 to the Wyoming's Tomorrow Scholarship Endowment Fund (Endowment Fund); 2) \$15,000,000 to the Wyoming's Tomorrow Scholarship Expenditure Account (Expenditure Account); and 3) \$12,215,000 to the Wyoming Wildlife and Natural Resource Trust Account (Trust Account).

Wyoming's Tomorrow Program Impacts:

The \$90 million transfer to the Endowment Fund, when combined with the \$10 million transfer from the LSRA pursuant to 2022 Wyoming Session Laws, Chapter 52, Section 4, will provide for a total transfer of \$100 million from the LSRA to the Endowment Fund.

This bill also increases the limit of the Expenditure Account from 9 percent to 21 percent of the five-year average market value of the Endowment Fund, which increases the maximum amount from an estimated \$9 million to \$21 million, based upon the \$100 million transferred from the LSRA to the Endowment Fund.

In accordance with W.S. 21-16-1902(b), Wyoming's tomorrow scholarships awarded from the Expenditure Account for the first academic year shall not exceed 2.5 percent of the applicable fiscal year's average market value of the Endowment Fund and 5 percent each academic year thereafter.

	FY 2024	FY 2025	FY 2026
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
WYOMING'S TOMORROW EXPENDITURE ACCOUNT	\$2,500,000	\$5,000,000	\$5,000,000

Source of expenditure increase:

The estimated impact of this bill is an increase in expenditures from the Expenditure Account of \$2.5 million in FY 2024, \$5 million in FY 2025, and \$5 million in FY 2026, in the form of Wyoming's tomorrow scholarships awarded to eligible students. Each scholarship awarded shall not exceed \$1,800 per academic term or \$7,200 for a total of four academic terms pursuant to W.S. 21-16-1904. If \$2.5 million is awarded in the first academic year, 694 Wyoming's tomorrow scholarships could be awarded if each award provided the maximum amount for each academic term (\$3,600 for two academic terms). If \$5 million is awarded in the second and third academic years, 1,388 Wyoming's tomorrow scholarships could be awarded if each award provided the maximum amount for each academic term (\$3,600 for two academic terms).

Assumptions:

The following assumptions should be noted: 1) the average market value shall be calculated on the first business day of the fiscal year in accordance with W.S. 21-16-1902(c), as amended by this bill; 2) the State Auditor will transfer \$100 million from the LSRA to the Endowment Fund on July 1, 2022, and the average market value on the first day of the fiscal year is \$100 million; and 3) the first academic year scholarships will be awarded is 2023-2024 or FY 2024, and the maximum amount awarded is \$2.5 million or 2.5 percent of the average market value.

The State Treasurer's Office assumes over the forecast period that the Endowment Fund: 1) would be invested similarly to other permanent funds; 2) remain at \$100 million in market value; and 3) have an annual yield return of \$3.74 million to be deposited within the Expenditure Account.

The Wyoming Community College Commission indicates that expenditures may fluctuate due to actual Wyoming's tomorrow scholarships awarded and utilized.

Wyoming Wildlife and Natural Resource Funding Act Impacts:

The \$12,215,000 transfer to the Trust Account, when combined with the \$187,520,491 cash balance of the Trust Account as of December 21, 2022, will provide for a total estimated balance of \$199,735,491 as of July 1, 2023. The State Treasurer's Office indicates the Trust Account is currently invested in the Pool A investment account.

This bill also establishes a spending policy amount for the Trust Account of 5 percent of the five-year average market value computed in accordance with W.S. 9-15-103(s)(i) as created by this bill. Based upon the estimated cash balance of Trust Account on July 1, 2023, \$199,735,491, the annual spending policy amount would be \$9,986,775 for FY 2024 through FY 2026, if the average market value of the Trust Account is equal to the cash value and remains constant throughout the forecast period.

This bill further provides the amount of earnings available for expenditure from the Wyoming Wildlife and Natural Resource Trust Income Account (Income Account) for any one fiscal year is equal to the spending policy amount, plus any funds in the Income Account from prior years that are available for expenditure but were not expended in the applicable year.

This bill also establishes a balance threshold for the Income Account equal to 300 percent of the spending policy amount. As soon as possible after the fiscal year ends, the State Treasurer is required to transfer all monies in the Income Account to the Trust Account in excess of 300 percent of the spending policy amount, or \$29,960,324 based on the estimated spending policy amount. As of December 21, 2022, the balance of the Income Account is \$42,914,371. Any monies in excess of \$29,960,324 at the end of FY 2024 would be transferred to the Trust Account.

For both the Endowment Fund and the Trust Account, the State Treasurer's Office projects yields in FY 2024 through FY 2026 to be around 3.74 percent for permanent funds and 2.47 percent for State Agency Pool funds including the Legislative Stabilization Reserve Account. Yield is defined as the interest and dividend income from the investment. Over the long term, total return for permanent funds is expected to be 5.0 percent, while total return for State Agency Pool funds is expected to be 2.9 percent. This is in accordance with the State's Investment Policy. Total return is defined as growth in the value of the investment, including both yield and realized & unrealized gains.

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