

FISCAL NOTE

This bill contains two transfers from the Legislative Stabilization Reserve Account (LSRA): 1) \$90 million to the Wyoming's Tomorrow Scholarship Endowment Fund (Endowment Fund); and 2) \$15 million to the Wyoming's Tomorrow Scholarship Expenditure Account (Expenditure Account).

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 critical assumptions should be noted: 1) the average market value shall be calculated on the first 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 State Treasurer's Office projects yields in FY 2024 through FY 2026 to be around 3.74 percent for permanent funds. 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. 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.

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

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