

Attachment A: Characteristics of Wyoming's Permanent Investment Funds

PERMANENT FUNDS	Permanent Wyoming Mineral Trust Fund (PWMTF)	Permanent Land Fund (PLF)	Common School Account within the Permanent Land Fund (also called Common School Permanent Land Fund or CSPLF)	Hathaway Scholarship Endowment	Excellence in Higher Education Endowment (EHEE)
Constitutional Reference & Limitations	<p>Article 15, §19...established the Permanent Wyoming Mineral Trust Fund and says, "The proceeds from such tax (i.e. 1.5% severance tax) shall be deposited in the Permanent Wyoming Mineral Trust Fund. The fund, including all monies deposited in the fund from whatever source, shall remain inviolate. The monies in the fund shall be invested as prescribed by the Legislature and all income from fund investments shall be deposited by the State Treasurer in the general fund on an annual basis." <i>emphasis added</i></p>	<p>Article 18, §2 "The proceeds from the sale and rental of all lands and other property donated, granted or received, or that may hereafter be donated, granted or received, from the United States or any other source, shall be inviolably appropriated and applied to the specific purposes specified in the original grant or gifts."</p> <p>Act of Admission, § 7: "That five per centum of the proceeds of the sales of public lands lying within said State which shall be sold by the United States subsequent to the admission of said State into the Union, after deducting all the expenses incident to the same, shall be paid to the said State, to be used as a permanent fund, the interest of which only shall be expended for the support of the common schools within said State."</p> <p>Act of Admission, § 8 "That the lands granted ... are hereby vested in the State of Wyoming, to the extent of the full quantity of seventy-two sections to said State, and any portion of said lands that may not have been selected by said Territory of Wyoming may be selected by the said State; but said act of February eighteenth, eighteen hundred and eighty-one, shall be so amended as to provide that none of said lands shall be sold for less than ten dollars per acre, and the proceeds shall constitute a permanent fund to be safely invested and by said State and the income thereof be used exclusively for university purposes. The schools, colleges, and universities provided for in this act shall forever remain under the exclusive control of the said State, and no part of the proceeds arising from the sale or disposal of any lands herein granted for educational purposes shall be used for the support of any sectarian or denominational school, college, or university."</p> <p>Act of Admission, § 12 "That the State of Wyoming shall not be entitled to any further or other grants of land for any purpose than as expressly provided in this act; and the lands granted by this section shall be held, appropriated, and disposed of exclusively for the purposes herein mentioned, in such manner as the legislature of the State may provide."</p>	<p>Article 7, §2 "The following are declared to be perpetual funds for school purposes, of which the annual income only can be appropriated, to wit: Such per centum as has been or may hereafter be granted by congress on the sale of lands in this state; all moneys arising from the sale or lease of sections number sixteen and thirty-six in each township in the state, and the lands selected or that may be selected in lieu thereof; the proceeds of all lands that have been or may hereafter be granted to this state, where by the terms and conditions of the grant, the same are not to be otherwise appropriated; the net proceeds of lands and other property and effects that may come to the state by escheat or forfeiture, or from unclaimed dividends or distributive shares of the estates of deceased persons; all moneys, stocks, bonds, lands and other property now belonging to the common school funds. Provided, that the rents for the ordinary use of said lands shall be applied to the support of public schools and, when authorized by general law, not to exceed thirty-three and one-third (33 1/3) per centum of oil, gas, coal, or other mineral royalties arising from the lease of any said school lands may be so applied."</p> <p>Act of Admission, §5: Certain enumerated lands are granted for educational purposes and can only be sold at public sale, "the proceeds to constitute a Permanent school fund, the interest of which only shall be expended in the support of said schools." <i>emphasis added</i></p>	<p>Article 15, §20 "The legislature may from time to time place monies into endowment funds for higher education scholarships and for improving the quality of higher education, which funds shall remain inviolate. The earnings of the funds shall be used for the purposes specified in this section, but the legislature may from time to time by law regulate the manner in which the earnings are expended. The legislature may also provide for use of the earnings to protect the funds from inflation and to even fluctuations in earnings over time. The funds may be invested in the same manner as other permanent funds of the state." <i>emphasis added</i></p>	<p>Article 15, §20 "The legislature may from time to time place monies into endowment funds for higher education scholarships and for improving the quality of higher education, which funds shall remain inviolate. The earnings of the funds shall be used for the purposes specified in this section, but the legislature may from time to time by law regulate the manner in which the earnings are expended. The legislature may also provide for use of the earnings to protect the funds from inflation and to even fluctuations in earnings over time. The funds may be invested in the same manner as other permanent funds of the state." <i>emphasis added</i></p>
Statutory Reference to the Fund	<p>W.S. 9-4-204(u)(iii) " Permanent Wyoming mineral trust fund – to account for the proceeds from an excise tax levied by constitutional or statutory law, on the privilege of extracting or severing minerals designated by constitutional or statutory law. The proceeds of the fund are inviolate and constitute a Permanent or perpetual trust fund which shall be invested, or loaned to political subdivisions of the state, only as the legislature directs. All income from the fund shall be deposited annually in the general fund;"</p>	<p>W.S. 9-4-204(u)(iv) "Permanent land fund – to account for the resources received and held as trustee of the land grants made to the state by the federal government as provided by W.S. 9-4-305(b)"</p> <p>W.S. 9-4-310(a) establishes 12 accounts within the Permanent Land Fund.</p> <p>W.S.9-4-310(b) no appropriation shall be made from the agricultural college, common school account or university accounts within the permanent land fund.</p>	<p>W.S. 9-4-310(a)(vii) establishes the Common School Account within the Permanent Land Income Fund.</p> <p>W.S.9-4-310(b) establishes no appropriation shall be made from the common school account within the permanent land fund.</p> <p>W.S. 9-4-310(c)(iii) establishes the Common School Income Account within the Permanent Land Income Fund.</p>	<p>W.S. 9-4-204(u)(vii) Hathaway student scholarship endowment fund - to consist of funds appropriated or designated to the fund by law, or by gift from whatever source. In accordance with Wyoming Constitution Article 15, Section 20, monies within the fund shall not be expended and may be invested in the same manner as other permanent funds of the state. Earnings from investment of monies within the fund are subject to the spending policy as provided in W.S. 9-4-719 and shall be distributed and expended as provided by law. Earnings in excess of spending policies shall be retained as provided by W.S. 9-4-719;</p>	<p>W.S. 9-4-204(u)(vi) The excellence in higher education endowment fund - to consist of funds appropriated or designated to the fund by law, or by gift from whatever source. In accordance with Wyoming Constitution Article 15, Section 20, monies within the fund shall not be expended and may be invested in the same manner as other permanent funds of the state. Earnings from investment of monies within the fund are subject to the spending policy as provided in W.S. 9-4-719 and shall be distributed and expended as provided by law. Earnings in excess of spending policies shall be retained as provided by W.S. 9-4-719;</p> <p>W.S.21-16-1201(a) The excellence in higher education endowment fund is created as provided by W.S. 9-4-204(u)(vi).</p>
What can/shall be distributed?	<p>Monies deposited in the [PWMTF] from whatever source shall remain inviolate. [Corpus]</p> <p>"All income from [PWMTF] investments shall be deposited...in the general fund..." [Investment Earnings]</p> <p>W.S. 9-4-108(a) (iii) Any debit against [PWMTF] which exists as a result of realized investment losses from a prior years' investments of the fund shall be paid before distributions [of realized earnings]</p> <p>Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed.</p>	<p>W.S. 9-4-108(a) (iii) Any debit against the account or fund which exists as a result of realized investment losses from a prior years' investments of the fund or account shall be paid before distributions under paragraph (ii) of this subsection;</p> <p>Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed.</p>	<p>W.S. 9-4-108(a) (iii) Any debit against the account or fund which exists as a result of realized investment losses from a prior years' investments of the fund or account shall be paid before distributions under paragraph (ii) of this subsection;</p> <p>Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed.</p>	<p>Deposited funds must remain inviolate. [Corpus] Investment earnings shall be distributed and expended as provided by law. [Investment Earnings] Hathaway program expenditures, funded by investment earnings are guided by W.S. 21-16-1201(b) and W.S. 21-16-1301 et seq.</p> <p>W.S. 9-4-108(a) (iii) Any debit against the [Hathaway Endowment] which exists as a result of realized investment losses from a prior years' investments of the fund shall be paid before distributions [of realized gains]</p> <p>Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed.</p> <p>The legislature may also provide for use of the earnings to protect the funds from inflation and to even fluctuations in earnings over time. The funds may be invested in the same manner as other Permanent funds of the state. W.S. 9-4-204 (u)(vii).</p>	<p>Deposited funds must remain inviolate. [Corpus] Investment earnings shall be distributed and expended as provided by law. [Investment Earnings] EHEE program expenditures, funded by investment earnings are guided by W.S. 21-16-1201 through W.S. 21-16-1304.</p> <p>W.S. 9-4-108(a) (iii) Any debit against the [EHEE] which exists as a result of realized investment losses from a prior years' investments of the fund shall be paid before distributions [of realized gains]</p> <p>Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed.</p> <p>The legislature may also provide for use of the earnings to protect the funds from inflation and to even fluctuations in earnings over time. The funds may be invested in the same manner as other Permanent funds of the state. W.S. 9-4-204 (u)(vi).</p>
Purpose Beneficiaries/Recipients	<p>The General Fund is the recipient of investment income from the PWMTF. Although there are diversified sources of revenue to the GF, the PWMTF investment income was approximately 20% of all GF revenue in FY 2020.</p>	<p>To account for the resources received and held on behalf of those whom the land grants are to benefit.</p> <p>Participating funds.</p>	<p>To generate ongoing income for Hathaway Scholarships given to qualified Wyoming high school graduates to attend UW or community colleges.</p>	<p>To generate ongoing income for Hathaway Scholarships given to qualified Wyoming high school graduates to attend UW or community colleges.</p>	<p>To generate ongoing income to pay salaries of endowed faculty & support the work of endowed faculty at UW and community colleges.</p>
Source of Assets/Corpus	<p>Constitutionally dedicated 1.5% mineral severance taxes - Article 15, §19.</p> <p>There are other amounts directed to the corpus: 1) amounts from the PWMTF Reserve Account in excess of 150% of spending policy amount; 2) the PWMTF corpus will receive half of the statutory one percent severance tax revenue for FY 2021 through FY 2028, and from FY 2029 and thereafter, two-thirds of the revenue. See 2021 Laws, Ch. 69, Sec. 314 and Ch. 144.</p> <p>Any other amount as specified by the Legislature.</p>	<p>W.S. 9-4-305(b)"Proceeds from the sale of state lands, mineral royalties and any money designated by the Wyoming constitution or Wyoming statutes as collected shall be transmitted to the state treasurer and credited to the proper accounts within the Permanent land fund."</p> <p>Act of Admission § 5 and § 7 indicate lands are the source of the corpus</p>	<p>Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed.</p>	<p>A portion of federal mineral royalties over a \$200 million cap that would be deposited in the School Foundation Program Account were deposited in the Hathaway Student Scholarship Fund (corpus) until the maximum of \$400 million was achieved. It was fully funded in FY 2007. Pursuant to 2008 Session Laws, Ch. 48, § 3, § 027, Footnote 2, an additional \$50 million was appropriated from federal coal lease bonus sales to the Hathaway Student Scholarship fund (corpus).</p> <p>Ongoing revenue stream to this corpus may come from tips or transfers from the Hathaway Reserve Account when possible.</p>	<p>A portion of the federal mineral royalties over a \$200 million cap that would have been deposited in the School Foundation Program Account were deposited in the Excellence in Higher Education fund (corpus) until the maximum of \$105 million was achieved. The Excellence in Higher Education Endowment (corpus) was fully funded in FY 2008.</p> <p>Ongoing revenue stream to this corpus is tips or transfers from the EHEE Reserve Account when possible.</p>
Structure	<p>W.S. 9-4-204(u)(iii) - establishes the PWMTF as a Permanent fund.</p> <p>Pool of assets invested by state treasurer and tracked in an account categorized as a non-expendable trust and fiduciary in the state's accounting system.</p>	<p>W.S. 9-4-204(u)(iv) - to account for the resources received and held as trustee of the land grants made to the state by the federal government as provided by W.S. 9-4-305(b).</p> <p>W.S. 9-4-310 designates the accounts within the PLF as follows:</p> <ol style="list-style-type: none"> 1. Miners Hospital Permanent Land Fund (expendable) 2. Public Bldgs Permanent Land Fund (expendable) 3. Fish Hatchery Permanent Land Fund (expendable) 4. Common School Permanent Land Fund (non-expendable) 5. Deaf, Dumb & Blind Permanent Land Fund (expendable) 6. Carey Act Permanent Land Fund (expendable) 7. Omnibus Permanent Land Fund (expendable) 8. State Hospital Permanent Land Fund (expendable) 9. St. Trng School (WLR) Permanent Land Fund (expendable) 10. Penitentiary Permanent Land Fund (expendable) 11. Agric. College Permanent Land Fund (non-expendable) 12. University Permanent Land Fund (non-expendable) 	<p>The CSPLF is the largest account within the Permanent Land Fund.</p> <p>Pool of assets invested by state treasurer and tracked in an account categorized as a non-expendable trust and fiduciary in the state's accounting system.</p>	<p>Treated as a Permanent fund by W.S. 9-4-204 (u)(vii).</p> <p>Pool of assets invested by state treasurer and tracked in an account categorized as a non-expendable trust and fiduciary in the state's accounting system.</p>	<p>Treated as a Permanent fund by W.S. 9-4-204 (u)(vi).</p> <p>Pool of assets invested by state treasurer and tracked in an account categorized as a non-expendable trust and fiduciary in the state's accounting system.</p>

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PERMANENT FUNDS	Permanent Wyoming Mineral Trust Fund (PWMTF)	Permanent Land Fund (PLF)	Common School Account within the Permanent Land Fund (also called Common School Permanent Land Fund or CSPLF)	Hathaway Scholarship Endowment	Excellence in Higher Education Endowment (EHEE)
Special Reference Relevant to Fiduciary Duties		Statutory language specifically indicates the state is to hold assets as a trustee W.S. 9-4-204(u)(iv). WY Constitution Article 7, §6 and Act of Admission §5 and §7 indicate school funds belong to the state for the exclusive benefit of the public schools.	WY Constitution Article 7, §6 and Act of Admission §5 and §7 indicate school funds belong to the state for the exclusive benefit of the public schools.		
Market Value of Corpus Assets as of 7/1/2020	\$7,990,800,000	\$4,355,400,000 includes CSPLF balance	\$4,125,700,000	\$592,200,000	\$119,500,000
Spending Policy	2.5% of 5-yr avg to GF guaranteed by PWMTF Reserve Account. 1.25% of 5-yr avg to SIPA guaranteed by PWMTF Reserve Account. 1.25% of 5-yr avg to LSRA not guaranteed. \$379.9 million in FY 2020.		5% of 5-yr avg to CSLIA for transfer to School Foundation Program guaranteed by CSPLF Reserve Account. \$188.9 million in FY 2020.	Amount necessary to fund scholarships for eligible students guaranteed by Hathaway Reserve Account. \$18.3 million in FY 2020.	5% of 5-yr avg guaranteed by EHEE Reserve Account starting in FY 2022; was 4.75% for FY 2019, FY 2020 and FY 2021. \$5.7 million in FY 2020.
Net Investment Income Distributed FY 2020 Spending Contribution in \$	\$242.8 million = \$189.9 million GF + \$26.4 million SIPA + \$26.4 million LSRA. \$68.5 million transferred from reserve account to SIPA to guarantee 1.25%.		\$138.4 million via Common School Income Account to School Foundation Program and \$50.4 million was transferred from the reserve account to meet the full spending policy amount.	\$16.9 million	\$16.2 million
Investment Income Spending Contribution as % of FY 2020 Operating Budget	20% of General Fund in FY 2020.		18% of SFP in FY 2020.	92%	285%
Reserve Account Balance as of 7/1/2020	\$306,900,000		\$268,100,000	\$24,900,000	\$8,500,000
Estimated Duration of Reserve Account	~2 years		~3 years	~4 years	~6 years
Associated Account(s) for Spending	General Fund (GF). Strategic Investments and Projects Account (SIPA). Legislative Stabilization Reserve Account (LSRA).		The Common School Land Income Account (CSLIA) is established within the Permanent Land Fund by W.S. 9-4-310(a)(vii) to account for revenue dedicated to certain institutions and purposes. School Foundation Program (SFP).	W.S. 21-16-1302(a) The Hathaway scholarship expenditure account is created to consist of earnings from the Hathaway student scholarship endowment fund created by W.S. 9-4-204(u)(vii) and such other funds appropriated by the legislature to the expenditure account.	W.S. 9-4-719(k) There is created the excellence in higher education endowment reserve account. Interest and other earnings on funds within the account shall be credited to the account. W.S. 21-16-1201(c) The state treasurer shall place earnings from the investment of monies in the excellence in higher education endowment fund in an income account for subsequent disbursement as provided in this subsection. Earnings for any fiscal year which are in excess of the spending policy amount established pursuant to W.S. 9-4-719(o) shall be distributed as provided by W.S. 9-4-719(m).
Magnitude of Outflows	As an inviolate account, there are no outflows from the corpus; investment income is not deposited into the corpus. \$242,800,000 annual distribution of investment earnings in FY 2020 to GF, SIPA and LSRA.		As an inviolate account, there are no outflows; investment income is not deposited into the corpus. \$188,900,000 annual distribution of investment earnings in FY 2020 to the CSLIA for School Foundation Program.	As an inviolate account, there are no outflows from the corpus; investment income is not deposited into the corpus. Approx. \$9,100,000 for scholarships each semester on Sept 1 and Jan 1 from the Expenditure Account or Reserve Account.	As an inviolate account, there are no outflows from the corpus. \$1,400,000 per quarter in 2020 from the Income Account or Reserve Account.
Timing of Outflows	All investment income generated by the PWMTF corpus shall be deposited to the General Fund annually. Article 15, §19. General Fund expenditures vary noticeably across agencies year to year. Timing may be a consideration as income is received annually and after expenses are incurred.		Investment earnings from the Common School Account (interest, dividends, and net realized capital gains) are deposited in the Common School Land Income Account (CSLIA) and are subsequently appropriated to the School Foundation Program (SFP). W.S. 21-13-301 specifies distributions of income from the Common School Account between January 1 and June 30 each year to CSLIA at discretion of state treasurer. The timing of these distributions may put pressure on LSRA if the SFP balance is not adequate to meet school district payments. SFP outflows vary from month to month.	By WDE administrative rule, a prepayment of 75% of the total amount the institution received the preceding semester is made on September 1 and January 1 from the Reserve Account. STO pays the balance after each institution certifies a list of eligible recipients. In the absence of investment income or support from the Reserve Account, scholarships are not made. W.S. 21-16-1302(b) There is created the Hathaway student scholarship reserve account. The reserve account shall consist of those monies deposited to the account pursuant to subsection (a) of this section and such other funds appropriated by the legislature to the reserve account. Interest and other earnings on funds within the reserve account shall be credited to the reserve account. To the extent funds within the Hathaway scholarship expenditure account are insufficient in any fiscal year to fully fund scholarships awarded under this article, monies within the reserve account shall be deposited by the state treasurer to the expenditure account for distribution to eligible institutions to fund those scholarships. As soon as possible after the end of each of the fiscal years beginning on and after July 1, 2007, the state treasurer shall transfer monies from this reserve account to the Hathaway student scholarship endowment fund to the extent monies within the reserve account are in excess of the greater of twelve million dollars (\$12,000,000.00) or an amount equal to four and one-half percent (4.5%) of the previous five (5) year average market value of the Hathaway student scholarship endowment fund, calculated from the first day of the fiscal year. The state treasurer shall report not later than November 1, of each year to the joint education interim committee and the select committee on capital financing and investments the amount of funds within the reserve account at the end of the previous fiscal year and as of July 1, of the current fiscal year.	W.S. 21-16-1201(c) directs earnings within the spending policy amount shall be distributed on a quarterly basis, with 2/3 to the University of Wyoming and 1/3 equally to each Wyoming community college.
Magnitude of Revenue to Corpus	\$117.2 million in FY 2020 from severance taxes.		\$95.9 million in FY 2020 all from land income or sales/purchases.	None in FY 2020.	One-time corpus tip from reserve account of \$10,592,089 in FY 2021 per 2021 Sess. Laws, Ch. 69, Sec. 300(h).
Timing of Revenue	Severance tax distributions to PWMTF occur quarterly on Oct 15, Jan 15, April 15, and June 30.		Monthly throughout the fiscal year.	No revenue to corpus other than the potential for ad hoc payments made by the Legislature or tips from the Hathaway Scholarship Reserve Account, annually.	No revenue to corpus other than potential for ad hoc payments made by the Legislature or tips from the EHEE Reserve Account.
Philosophy and Investment Strategy from SLIB's Investment Policy Statement	"The main objectives of the PMTF are to produce maximized long-term investment income and capital gains while providing an appropriate level of safety and liquidity. The primary investment goals are capital appreciation, total return, and protection against inflation. Capital preservation and liquidity are important secondary goals. The asset allocation for the PMTF reflects these goals." <i>SLIB IPS p.30.</i>	"The main objectives of the PLPF are to produce maximized long-term investment income and capital gains while providing an appropriate level of safety and liquidity. The primary investment goals are capital appreciation, total return, and protection against inflation. Capital preservation and liquidity are important secondary goals. The asset allocation for the PLPF reflects these goals." <i>SLIB IPS p.39.</i>	"The main objectives of the CSPLF are to produce maximized long-term investment income and capital gains while providing an appropriate level of safety and liquidity. The primary investment goals are income generation, capital appreciation, total return and protection against inflation. Capital preservation and liquidity are important secondary goals. The asset allocation for the CSPLF reflects these goals." <i>SLIB IPS p.33.</i>	"The main objectives of the Hathaway Fund are to produce endowment-like long-term investment income while providing an appropriate level of safety and liquidity to meet scholarship expectations over time. The primary investment goals are total return, income generation, and protection against inflation. Capital preservation and liquidity are important secondary goals. The asset allocation for the Hathaway Fund reflects these goals." <i>SLIB IPS p.41.</i>	"The main objectives of the Higher Ed Fund are to produce endowment like long-term investment income while providing an appropriate level of safety and liquidity. The primary investment goals are income generation, capital appreciation, total return, and protection against inflation. Capital preservation and liquidity are important secondary goals. The asset allocation for the Higher Ed Fund reflects these goals." <i>SLIB IPS p.44.</i>
Portfolio Focus (RVK Report)	Long Term Total Return.	Long Term Total Return.	Income.	Long Term Total Return.	Income.
Comments	The General Fund is the recipient of investment income from the PWMTF. Although there are diversified sources of revenue to the GF, investment income from the PWMTF was approximately 20% of all GF revenue in FY 2020. Without investment income there would be less resources for the general operations of government. The PWMTF Reserve Account guarantees 2.5% of the spending policy amount and revenue estimates are based on interest and dividends only.	An overview of this fund is addressed in the cover memo.	This is the largest account within the Permanent Land Fund and its investment income supports the School Foundation Program (SFP). Although the SFP has diversified revenue sources, the investment income from the CSPLF was approximately 24% in FY 2020. If there is not adequate investment income, there would be more use of LSRA in the form of interfund borrowing and transfers to support a \$100 million balance in the School Foundation Program. W.S. 9-4-219(b). W.S. 21-22-101 through 107 create the Education Trust Fund which is commonly called CSPLF II; however, it is separate from CSPLF. It is an inviolate account it keeps its own investment earnings.	Aside from the reserve account, scholarships depend exclusively on investment earnings.	Aside from the reserve account, salaries for Excellence professors rely exclusively on investment income. The reserve account has been near exhaustion on about three occasions. W.S. 21-16-1201(c) specifies institutions shall only expend 90% of the distribution and 10% be reserved for years when the spending policy is not met. Note: Investment yield was atypically high in FY 2020 at \$16.2 million resulting in a corpus tip; 3 year average is \$9.1 million.

Attachment B: Characteristics of Wyoming's Non-Permanent Investment Funds

NON-PERMANENT FUNDS	Workers' Compensation Fund	Legislative Stabilization Reserve Account (LSRA)	Pool A	Estimated State Agency Pool (SAP)
Constitutional Reference & Limitations	The Workers' Compensation Fund was established by constitutional amendment in 1914. Article 10, §4(c) directs the Legislature to provide for a fund for persons injured in employment in law. "The fund or funds shall be accumulated, paid into the state treasury and maintained in such manner as may be provided by law." Article 10, §4(c).	None.	Article 16, §6 (a)(ii)(B) -- Pool A was created by the Legislature in 2017 in response to the passage of Constitutional Amendment A in 2016, which allowed the Legislature to specify certain non-permanent funds that can hold investments in equities as well as fixed income securities.	None.
Statutory Reference to the Fund (corpus)	W.S. 27-14-701(a) - Provides fiscal and investment requirements for the Workers' Compensation Fund. The Fund can be invested by the State Treasurer in the manner provided by law for state permanent funds.	Created by 2005 Laws, Chapter 191, Section 301(d) Codified in 2015 W.S. 9-4-219.	W.S. 9-4-715 (p). Although none of these funds are made inviolate by the constitution, the following by statute are intended to be inviolate and constitute a perpetual trust account" -- Wildlife & Natural Resources Trust W.S. 9-15-103(a), Tobacco Trust W.S. 9-4-1203(b), Cultural Trust W.S. 9-2-2304(b), Children's Trust Fund W.S. 14-8-106, Military Assistance Trust W.S. 19-7-401(b), Emergency Medical Services Sustainability Trust, W.S. 33-36-115.	Administratively created for ease of investments.
What can/shall be distributed?	Treasurer's Interpretative Policy Section 6.[c] In the State Permanent Funds, if there are capital losses in a fiscal year in excess of capital gains from the investments of these funds, they will be accounted for as a debit against the book value of the particular fund for which an annual capital loss was computed. The corpus of this fund is not declared to be inviolate by Wyoming Constitution or statutory law.	all amounts are subject to appropriation by the Legislature.	Treasurer's Interpretative Policy Section 6. [e] In the State Non-Permanent Funds, if there are capital gains in a fiscal year in excess of capital losses for such fiscal year particular to and from the investments of the individual funds that comprise the State Non-Permanent Funds, they will be distributed as collected as provided by Wyoming statutes and the Master Investment Policy (and, in accordance with standard accounting principles, if there are capital losses in a fiscal year in excess of capital gains for such fiscal	Treasurer's Interpretative Policy Section 6. [e] In the State Non-Permanent Funds, if there are capital gains in a fiscal year in excess of capital losses for such fiscal year particular to and from the investments of the individual funds that comprise the State Non-Permanent Funds, they will be distributed as collected as provided by Wyoming statutes and the Master Investment Policy (and, in accordance with standard accounting principles, if there are capital losses in a fiscal year in excess of capital gains for such fiscal
Purpose Beneficiaries/Recipients	The purpose is to pay employee's expenses associated with industrial accidents and fatalities in exchange for the employee's waiver of any right to recover damages for any industrial accident. The account is limited to payments for "administration and management of the Workers' Compensation Act, debt service related to the fund and for workplace safety programs" <i>DWS 21/22 budget book pg. 69.</i> The beneficiaries or recipients of this fund are the participating employers and claimants.	Intermediate savings or rainy day account. Funds are spent by legislative appropriation only. In 2019, the Legislature removed LSRA from the State Agency Pool for the purpose of enhancing returns and providing target date liquidity for legislatively mandated purposes. Investment earnings go to the General Fund. W.S. 9-4-219 provides that the LSRA will restore the School Foundation Program balance to \$100 million if necessary so long as the LSRA balance is not less than \$500 million.	One of two pools that hold a variety of funds ranging from agency budgets to reserve and savings accounts and special purpose trusts.	The SAP is one of two pools that hold a variety of funds ranging from agency budgets to reserve and savings accounts and special purpose trusts. This pool is intended to be moderately liquid. Its income is deposited as prescribed by statute. The Legislature has included capital gains in addition to interest and dividends in its definition of income.
Source of Assets/Corpus	Employer premiums and investment income.	Appropriations and half of the annual PWMTF investment income above 2.5% and less than 5% of the 5 year average market value of the PWMTF.	Varies by fund.	Appropriations to agency budgets.
Structure	Pool of assets invested by state treasurer and tracked in the state's accounting system as an account categorized as an enterprise fund in the proprietary group.	Pool of assets invested by state treasurer and tracked in the state's accounting system as an account designated as general fund in the governmental group.	W.S. 9-4-715(p) specifies which funds are in pool A and most are designated as "Special Revenue Account" in the state accounting system Tobacco Settlement Trust; Wildlife & Natural Resource Trust; Cultural Trust; WPTV matching fund; G & F trust; State Pen Cap Con Account; Transportation Trust; 50% of Unclaimed Property; Emergency Water Projects Account; Funds added to Pool A on July 1, 2021: State Fair Endowment; Children's Trust Fund; National Guard Youth Challenge Endowment; Military Assistance Trust; Wyoming Education Trust (known as CSPLF II); Emergency Medical Services Sustainability Trust.	A composite investment account made up of assets appropriated in state agency budgets; tracked in the state's accounting system by individual agency, not tracked in aggregate.
Special Reference Relevant to Fiduciary Duties	N/A.	N/A.	N/A.	N/A.
Market Value of Assets 7/1/2020	\$2,435,800,000	\$1,551,500,000	\$241,200,000	\$5,454,700,000 <i>Note: balance includes \$1.25 billion in Covid-19 funds.</i>
Spending Policy	Amount necessary to meet approved claims and healthcare costs.	If PWMTF investment earnings are sufficient to meet the 2.5% for the General Fund, half of the amount over 2.5% and under 5.0% of the 5-year average market value of the PWMTF corpus is deposited to LSRA. This is not guaranteed by the Reserve Account.	Appropriated amounts.	Appropriated amounts.
Net Investment Income Distributed FY 2020 Spending Contribution in \$	\$153,900,000	\$58,600,000	\$6,900,000 source: STO FY 2020 Annual Report p.26	\$63,700,000
Investment Income Spending Contribution as % of FY 2020 Operating Budget	87%	28% of the \$206.7 million expenditures from LSRA in FY 2020 was from investment earnings.	In aggregate for all accounts, 16% of the \$34.9 million in expenditures in FY 2020 was from investment earnings.	In aggregate, 2% of the \$3.5 billion in expenditures was from investment earnings.
Reserve Account Balance as of 7/1/2020	N/A.	N/A.	N/A.	N/A.
Estimated Duration of Reserve Account	N/A.	N/A.	N/A.	N/A.
Associated Account(s) for Spending	N/A.	N/A.	N/A.	N/A.
Magnitude of Outflows	FY 2020 annual claims payment was \$176.9 million, <i>data provided by DWS.</i>	There are appropriations, borrowing authority, and guarantees from the LSRA totaling more than \$1.2 billion most of which are not accessed in a given year. FY 2020 expenditures \$206.7 million.	FY 2020 Expenses Wyoming Tobacco Settlement-Int, \$19,571,491 Wy Cultural Trust Income, \$478,632 Wildlife Trust Income, \$5,305,909 Public TV Matching Fund, \$84,330 G&F Op Fund, \$8,262,772 Penitentiary Cap Con, \$0 Transportation, \$427,220 Unclaimed Property, \$818,055 Emergency Water Projects Acct, \$0 Total, \$34,948,409	\$3,495,200,000
Timing of Outflows	Monthly payments to claimants and healthcare providers.	Variable; can only be spent by appropriation.	Continuously throughout fiscal year.	Continuously throughout fiscal year.

Attachment B: Characteristics of Wyoming's Non-Permanent Investment Funds

NON-PERMANENT FUNDS	Workers' Compensation Fund	Legislative Stabilization Reserve Account (LSRA)	Pool A	Estimated State Agency Pool (SAP)
Magnitude of Revenue to Corpus	Total annual premiums \$177.4 million from 4/1/2020 through 3/31/2021, reported by DWS. Received approx. \$13.7 million CARES Act Money in December 2020 and March 2021.	FY 2020 - \$26.4 million from PWTMF investment earnings. FY 2021 Est - \$97.0 million from PWTMF investment earnings.	FY 2020 Revenue Wyoming Tobacco Settlement, \$0 Wy Cultural Trust, \$271 Wildlife Trust, \$129,200 Public TV Matching Fund, \$0 G&F Trust, \$985,974 Penitentiary Cap Con, \$190,445 Transportation, \$38,957 Unclaimed Property, \$4,290,161 Emergency Water Projects Acct, \$0 Total, \$5,635,009	\$3,632,200,000
Timing of Revenue	Monthly payments by employers in the form of premiums. Any amount as specified by the Legislature.	Half of the PWTMF investment income above 2.5% and less than 5% of the 5 year average market value of PWTMF deposited annually to LSRA by Sept 30. Any amount as specified by the Legislature.	Continuously throughout fiscal year.	Continuously throughout fiscal year.
Philosophy and Investment Strategy from SLIB's Investment Policy Statement	"This is a specially managed fund of which the corpus is made up of employers' contributions to the Workers' Comp Fund. These funds are to be invested for the long-term to provide for a return that assures the Workers' Comp Fund will be self-funding or nearly self-funding in order to substantially reduce or eliminate the need for employer contributions. The Workers' Comp Fund is managed to match liability projections and for long-term return with cash flow necessary only in the case of a disaster. The primary investment goals are long-term return, safety of capital, yield and capital appreciation. The asset allocation for the Workers' Comp Fund reflects these goals." <i>SLIB IPS p.47.</i>	"The LSRA will be invested in a manner to obtain the highest possible return while seeking to preserve the balance of the account necessary to address potential budget shortfalls or a structural budget deficit; published consensus revenue estimating group estimates of revenues that may be less than existing legislative appropriations for state government operations or support of public schools; or other emergencies and needs identified or authorized by the legislature under Wyoming statutes and session laws. The LSRA will be divided into three underlying portfolios representing a range of liquidity, safety, and return objectives. There will be a short-term reserve, intermediate-term reserve, and long-term reserve. The amount of the LSRA that is allocated to each of the reserve portfolios shall be determined by the State Treasurer's Office in compliance with any applicable statutory guidelines and consistent with anticipated liquidity needs." <i>SLIB IPS p. 52.</i>	"Pool A consists of money from many different agencies, not specifically invested for that agency. The monies are invested throughout the spectrum of investment maturities and may hold equities as prescribed by law. While Pool A is intended to provide a more diverse array of securities including equities, it is nonetheless noted that because most of the monies invested represent appropriated funds, in addition to maintaining adequate liquidity from Pool A to meet the day-to-day cash flow needs of the State, Pool A should be managed for stability and return on investment. Cash is invested in a cash portfolio and an extended cash portfolio. The asset allocation for Pool A reflects these goals." <i>SLIB IPS p.49.</i>	"The SAP consists of a pooling of money from many different agencies which are not specifically invested for that agency. The monies are invested throughout the spectrum of investment maturities; however, because most of the monies represent appropriated funds in addition to a requirement for liquidity from the SAP to meet day-to-day cash flow needs of the State, the SAP should be managed for stability assuring the appropriated funds remain to the greatest extent possible intact for their intended purposes. Cash is invested in a cash portfolio and an extended cash portfolio. The asset allocation for the SAP reflects these goals." <i>SLIB IPS p.51.</i>
Portfolio Focus (RVK Report)	Part of portfolio is liability driven. Part of portfolio is invested for longer term return.	3 Tiers: long-term, intermediate-term, short-term.	Moderate growth balanced against safety & liquidity <i>SLIB IPS p. 49.</i>	Laddered bond strategy competitive with short-term treasury rates <i>SLIB IPS p. 51.</i>
Comments	Because of the categorization as an enterprise fund, in the event investment earnings were not sufficient to meet the operating budget and claim payments, employer payments and/or the corpus could be used. By statute, the WC account must be fully reserved on or before December 31, 2013 (WS 27-14-201 (d)(ii)). The account is fully reserved on a discounted basis as determined by the Actuary - Oliver Wyman and Associates. This requirement was met in 2011. <i>DWS 21/22 budget book pg. 69.</i> The investment strategy is oriented around the fund's liabilities. The average duration of claims is 11.4 years and this is factored into the investment strategy. W.S. 27-14-701(g) requires 5 year reports for JAC by Treasurer and DWS director.	If there was a lack of liquidity to meet an appropriation, borrowing permission or guarantee, it could be problematic for the entity seeking the loan or financial guarantee. A lack of investment earnings would mean less for general government.		Commonly thought of as the checking account for state agencies; all agencies participate. SLIB's Investment Policy Statement is the only governing document.