



Wyoming State Treasurer

Mark Gordon

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Deputy State Treasurer

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October 31, 2016

Select Committee on Capital Financing & Investments
State Capitol Building
Cheyenne, WY 82002

RE: Hathaway Student Scholarship Reserve Account

Dear Chairman:

In accordance with State Statute 21-16-1302(b), the state treasurer is to report to the Select Committee on Capital Financing and Investments and the Education Committee by November 1 each year on the amount of funds within the Hathaway Student Scholarship Reserve Account at the end of the previous fiscal year and as of July 1 of the current fiscal year.

The cash balance in the Reserve Account on June 30, 2016 was \$15,513,003. Since this amount was lower than the statutory cap (3.75% of the previous five year average market value of the corpus which was \$20,260,202), no funds were transferred to the corpus of the Hathaway Endowment Fund.

Attached you will find a page from the Treasurer's Annual Report showing the previous five years cash flow for the Hathaway Scholarship Fund and the ending cash balance in the Reserve Account.

If you or any Select Committee member has questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Gordon".

Mark Gordon
State Treasurer

cc: Governor Matt Mead
Kari Gray, Governor's Office
Kevin Hibbard, A&I Budget
Matt Obrecht, LSO
Don Richards, LSO

HATHAWAY STUDENT SCHOLARSHIP

Wyoming State Statute 21-16-1301 through 1302 authorized the creation of the Hathaway Scholarship Program which consists of three separate accounts: the Hathaway Student Scholarship Endowment Fund (Hathaway Fund), the Hathaway Scholarship Expenditure Account (Expenditure Account) and the Hathaway Student Scholarship Reserve Account (Reserve Account).

To fund the Hathaway Scholarship Program, a portion of the federal mineral royalties, over the \$200 million cap, was transferred from the School Foundation Fund to the Hathaway Fund until a maximum of \$400 million had been deposited. The Hathaway Scholarship Program was fully funded in April of fiscal year 2007.

The Hathaway Fund is retained by the State and invested by the State Treasurer in the same manner as any other permanent fund and held in violation. Interest earned on the corpus is transferred to the Expenditure Account to fund scholarships for Wyoming students to attend Wyoming community colleges and the University of Wyoming, if students meet certain criteria set by the legislature.

At the end of each fiscal year, any unencumbered, unobligated funds in the Expenditure Account must be transferred to the Reserve Account. If funds in the Expenditure Account are ever insufficient to cover payment for the scholarships, funds are to be transferred from the Reserve Account to the Expenditure Account.

At the end of each fiscal year, if funds in the Reserve Account are more than the greater of \$12 million or the amount equal to 3.75% of the previous five year average market value of the corpus, the excess amount in the Reserve Account is transferred to the Hathaway Fund on or after July 1 each year.

The bottom of this page shows a summary of the cash flows from FY 12 through FY 16. The illustration on the following page shows the flow of the spending policy for the Hathaway Fund.

EXCELLENCE IN HIGHER EDUCATION ENDOWMENT FUND SUMMARY FROM FY 12 TO FY 16 AS OF JUNE 30TH											
Prior FY Beginning Balance	Prior FY Cost	Prior FY Investments at Market	Greater of 3.75M or \$12 million	Investment Income Off Expenditure Account	Scholarships	Net Transfers	Investment Income Off Reserve Account	Total	Cash Balance Before Spillover	Spillover to Corpus	Ending Cash Balance
2012	501,340,390	502,843,583	15,879,481	25,160,195	(15,420,545)	9,739,650	45,979	9,785,629	44,174,808	(28,295,327)	15,879,481
2013	518,590,588	518,418,148	17,530,270	33,627,614	(15,333,728)	18,293,886	607,100	18,900,986	34,780,467	(17,250,197)	17,530,270
2014	533,390,109	533,108,982	18,393,608	31,000,894	(15,531,595)	15,469,299	193,560	15,662,859	33,193,129	(14,799,521)	18,393,608
2015	552,564,524	575,666,227	19,478,027	35,903,622	(15,956,535)	19,947,087	311,747	20,258,834	38,652,442	(19,174,414)	19,478,027
2016	551,215,264	571,323,309	20,260,202	12,189,112	(16,405,512)	(4,216,400)	251,376	(3,965,024)	15,513,003	0	15,513,003

Hathaway Scholarship Spending Policy

