



MEMORANDUM

To: The Honorable Mark Gordon
Joint Appropriations Committee
Joint Education Committee
Select Committee on Capital Financing & Investments

From: Curtis E. Meier Jr., State Treasurer

Date: November 1, 2019

Re: Excellence in Higher Education Endowment Reserve Account

In accordance with Wyoming Statute 9-4-719(n), the State Treasurer, in consultation with the University of Wyoming and the Community College Commission, is to report to the Governor, the Joint Appropriations Committee, the Joint Education Committee and the Select Committee on Capital Financing and Investments no later than November 1 of any year in which funds have been or are anticipated to be distributed from the Excellence in Higher Education Endowment Reserve Account (Reserve Account).

Total investment income earned on the Excellence in Higher Education Endowment Account during FY19 amounted to \$5,114,878, which was below the spending policy amount of \$5,675,994. The spending policy for the Excellence in Higher Education Endowment Account requires that if the investment income falls below the spending policy amount, then one-half of the amount of the shortfall shall be transferred from the Reserve Account to the income account. The higher education institutions are then required to cover the other one-half of the shortfall.

The total investment return shortfall to the spending policy was \$561,116. While the total amount covered by the Reserve Account should only have been \$280,558, a total of \$465,279 was paid in FY19. This is a result of payment timing to the higher education institutions, not having total investment returns until after the end of the fiscal year, and the recent change in policy of covering one-half of the shortfall. The shortfall overpayment will be made up in FY20. In addition, the Treasurer's Office will be working with the higher education institutions to see what payment mechanism will work best in the future.

In the 2018 budget bill, an appropriation was made to the Reserve Account in the amount of \$6,651,070 to ensure there would be funds available to pay the higher education institutions. The bill also directed no spillover from the Reserve Account to the Excellence in Higher Education Endowment Account corpus until June 30, 2020, which resulted in a balance in the Reserve Account of \$8,309,748.