

SPENDING POLICY: PERMANENT WYOMING MINERAL TRUST FUND (PWMTF)

Prepared Fall 2008 - Spending Policy Recommendation

last update 09/26/2008

W.S. 9-4-719 established annual spending policy amounts from the PWMTF (currently five percent (5%) of the average five (5) year rolling average market value) and created the PWMTF reserve account. To the extent earnings from the PWMTF exceed the five percent (5%) spending policy amount, the excess earnings flow to the PWMTF reserve account. If the balance in the reserve account reaches more than 75% of the spending policy amount, the excess in the reserve account is transferred to the corpus of the PWMTF.

The spending policy amount for fiscal year 2008 was \$136,254,892. Total PWMTF investment income for FY08 was \$321,357,789. Investment earnings in excess of this spending policy amount (\$185,102,897) was deposited into the PWMTF reserve account via a general fund appropriation. The fiscal year end balance in the reserve account exceeded 75% of this spending policy amount by \$171,125,137, thus this amount was transferred to the corpus of the PWMTF at the end of FY 2008.

The spending policy amount for fiscal year 2009 is \$157,100,790. Investment income for FY09 through FY12 will be updated once October CREG forecast is released.

As of	Total Market Value (a)	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Investment Income over Spending Policy to Reserve Acct.	Legislative Appropriation	Year End Reserve Bal. Before Reversion	75% of Spending Policy	Over 75% reverts to Corpus	Ending Reserve Balance
7/1/97	1,396,009,173	1998										
7/1/98	1,507,006,444	1999										
7/1/99	1,540,767,270	2000										
7/1/00	1,539,636,928	2001										
7/1/01	1,755,553,508	2002	1,547,794,665	8.000%	123,823,573	90,510,496	0		92,867,680		0	
7/1/02	1,864,380,749	2003	1,641,468,980	7.625%	125,162,010	58,647,855	0		93,871,507		0	
7/1/03	2,050,845,569	2004	1,750,236,805	5.000%	87,511,840	98,110,315	10,598,475 (e)		10,598,475	65,633,881	0	10,598,475
7/1/04	2,218,179,475	2005	1,885,719,246	5.000%	94,285,962	87,789,397	0	44,500,000	56,747,488 (b)	70,714,472	0	55,098,475 (c)
7/1/05	2,557,758,285	2006	2,089,343,517	5.000%	104,467,176	123,952,616	19,485,440 (e)		74,583,915	78,350,382	0	74,583,915
7/1/06	3,070,623,840	2007	2,352,357,584	5.000%	117,617,879	150,487,083	32,869,204 (e)		107,453,119	88,213,409	19,239,709 (d)	88,213,409
7/1/07	3,728,082,077	2008	2,725,097,849	5.000%	136,254,892	321,357,789	185,102,897		273,316,306	102,191,169	171,125,137	102,191,169
7/1/08	4,135,435,366	2009	3,142,015,809	5.000%	157,100,790							
Projected *												
						130,600,000	0		102,191,169	117,825,593	0	102,191,169
7/1/09	4,638,065,366	2010	3,625,992,987	5.000%	181,299,649	143,900,000	0		102,191,169	135,974,737	0	102,191,169
7/1/10	5,009,665,366	2011	4,116,374,403	5.000%	205,818,720	156,500,000	0		102,191,169	154,364,040	0	102,191,169
7/1/11	5,390,665,366	2012	4,580,382,708	5.000%	229,019,135	169,500,000	0		102,191,169	171,764,352	0	102,191,169

Source: W.S. 9-4-719

*Reflects January 2008 CREG estimates—these projections will be updated following the release of the October 2008 CREG forecast

Notes:

- (a) Total Market Value for FY08 & Prior are Actual Market Value and FY09 and beyond is based on Value Basis (book/cost value)
- (b) Reflects addition of \$1,649,014 realized earned income on reserve account.
- (c) Reflects balance following correction of \$1,649,014 realized earned income-transfer out to general fund.
- (d) Reflects \$12,109,656 reduction of reversion to corpus following correction of market values
- (e) Reflects reduction in amount to reserve following correction of market values--\$9,599,515 transferred back to general fund

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SPENDING POLICY: COMMON SCHOOL PERMANENT LAND FUND (CSPLF)

Prepared Fall 2008 - Spending Policy Recommendation

last update 09/26/2008

W.S. 9-4-719 established annual spending policy amounts from the CSPLF (currently five percent (5%) of the average five (5) year rolling average market value) and created the CSPLF reserve account. To the extent earnings from the CSPLF exceed the five percent (5%) spending policy amount, the excess earnings flow to the CSPLF reserve account. If the balance in the reserve account reaches more than 75% of the spending policy amount, the excess in the reserve account is transferred to the corpus of the CSPLF.

The spending policy amount for fiscal year 2008 was \$62,433,632. Total CSPLF investment income for FY08 was \$133,866,762. In FY08, investment earnings in excess of the spending policy amount (\$71,433,150) were deposited into the CSPLF reserve account via an appropriation from the school foundation program account from revenues the school foundation program account would otherwise have received from federal mineral royalty revenue over the \$200 million cap. The school foundation program, in turn, received a general fund appropriation in FY08 of \$56,514,455. (Prior to FY08, earnings in excess of the spending policy amount were deposited into the CSPLF reserve account via a general fund appropriation.) The fiscal year end balance in the reserve account exceeded 75% of this spending policy amount by \$55,146,837, thus this amount was transferred to the corpus of the CSPLF at the end of FY 2008.

The spending policy amount for fiscal year 2009 is \$69,955,134. Investment income for FY09 through FY12 will be updated once October CREG forecast is released

As of	Total Market Value (a)	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Investment Income over Spending Policy to Reserve Acct.	Legislative Appropriation	Year End Reserve Bal. Before Reversion	75% of Spending Policy	Over 75% reverts to Corpus	Ending Reserve Balance	
7/1/97	782,431,215	1998											
7/1/98	838,949,498	1999											
7/1/99	857,362,587	2000											
7/1/00	839,611,767	2001											
7/1/01	899,161,216	2002	843,503,257	8.200%	69,167,267	37,700,000	0			51,875,450	0		
7/1/02	930,348,643	2003	873,086,742	7.825%	68,319,038	36,070,760	0			51,239,278	0		
7/1/03	1,013,895,764	2004	908,075,995	5.000%	45,403,800	48,190,294	2,786,494 (c)		2,786,494	34,052,850	0	2,786,494	
7/1/04	1,014,318,667	2005	939,467,211	5.000%	46,973,361	51,092,246	4,118,885 (e)	30,000,000	37,852,862 (b)	35,230,020	2,622,841 (d)	34,282,538	
7/1/05	1,165,218,792	2006	1,004,588,616	5.000%	50,229,431	53,845,180	3,615,749 (e)	(13,500,000)	37,898,288	37,672,073	226,214 (d)	37,672,073	
7/1/06	1,371,627,543	2007	1,099,081,882	5.000%	54,954,094	65,520,931	10,566,837 (e)	(4,200,000)	30,538,910	41,215,571	0	30,538,910	
7/1/07	1,678,302,393	2008	1,248,672,632	5.000%	62,433,632	133,866,782	71,433,150		101,972,060	46,825,224	55,146,837	46,825,224	
7/1/08	1,766,046,029	2009	1,399,102,685	5.000%	69,955,134								
							Projected *						
							54,500,000			46,825,224	52,466,351	0	46,825,224
7/1/09	2,002,392,829	2010	1,596,717,517	5.000%	79,835,876	59,500,000	0		46,825,224	59,876,907	0	46,825,224	
7/1/10	2,203,192,829	2011	1,804,312,325	5.000%	90,215,616	64,200,000	0		46,825,224	67,661,712	0	46,825,224	
7/1/11	2,384,192,829	2012	2,006,825,382	5.000%	100,341,269	68,800,000	0		46,825,224	75,255,952	0	46,825,224	

*Reflects January 2008 CREG estimates--these projections will be updated following the release of the October 2008 CREG forecast

Source: W.S. 9-4-719

- (a) Total Market Value for FY08 & Prior are Actual Market Value and FY09 and beyond is based on Value Basis (book/cost value)
- (b) Reflects addition of \$947,482 realized earned income on reserve account.
- (c) Reflects balance following correction of \$947,482 realized earned income-transfer out to CSPLF income fund.
- (d) Reflects reduction in amount to revert to corpus following correction of market values--\$1,099,854 transferred back to reserve
- (e) Reflects reduction in amount to reserve following correction of market values--\$1,076,494 transferred back to general fund

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