



MEMORANDUM

To: Select Committee on Capital Financing & Investments
From: The Honorable Curtis E. Meier Jr., State Treasurer
Due: October 25, 2022
Re: Spending Policy Modification Recommendations

Pursuant to Wyoming Statute 9-4-719(p), in consultation with the State Loan and Investment Board, the State Treasurer is to provide by November 1 of each year recommendations to the Select Committee on Capital Financing and Investments regarding modifications to the spending policy for the earnings on the Permanent Wyoming Mineral Trust Fund (PWMTF), the Common School Account within the Permanent Land Fund (CSPLF) and the Excellence in Higher Education Endowment Fund (Higher Ed Fund).

Accordingly, the State Treasurer offers the following recommendations.

The State Treasurer's Office has been in discussions with the Select Committee on Capital Financing and Investments, the Investment Funds Committee, as well as the State Loan and Investment Board regarding ways the Treasurer's Office may be able to maximize investment returns and simplify investment and accounting processes. This would include a revision of the State's investment strategy to a total fund asset allocation. Since this work is ongoing, the State Treasurer recommends keeping the current spending policies as delineated by statute. In addition, the Treasurer recommends funding the permanent fund reserve accounts to a minimum of five times (500%) the spend of the spending policy. Increasing the reserve accounts for the PWMTF, the CSPLF and the Higher Ed Fund will allow at least a portion of these funds, as well as the associated corpus of each fund, to be invested in a total rate of return asset allocation. A total rate of return focus for these funds will assist in maximizing the total return over the long run and be a benefit to all the citizens of the state of Wyoming.

The Treasurer also recommends adoption of a constitutional amendment to establish spending policy caps of no more than five percent, similar to other sovereign wealth fund states.