

LOUISIANA STATE TREASURER
**JOHN M.
SCHRODER**



PRESS RELEASE

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Treasurer Schroder urges support of Constitutional Amendment No. 1

BATON ROUGE, LA – State Treasurer John M. Schroder urges voters to support a ballot item that will allow the state to capture greater earnings on its investments by voting YES to Constitutional Amendment No. 1.

“This amendment will provide flexibility for investments,” said Schroder who oversees the state’s cash flow management of \$64.8 billion. “It will bring the investment cap of seven specific funds into alignment with the 65% cap in place for all of the state’s retirement funds.”

The amendment does not create a mandate. It will allow up to 65% be invested, but does not in any way require that amount. At present, the Department of Treasury is regularly maxing out the current 35% cap on investments, forcing the state to sell off well-performing equities to reinvest in what are often lower-yielding fixed income bonds.

A model run by Department of Treasury investment staff found that had the funds in question been maxed out at the 65% cap four years ago, Louisiana would have earned \$104 million in additional income, and the state’s market value would be \$210 million higher.

“Obviously, with the current market, it would not be the best idea increase investment levels,” Schroder added. “However, had we been able to do so when the stock market was booming in recent years, we could have earned much more

money to benefit the citizens of the state.”

The current 35% investment cap, which is based on the 1986 market, impacts the following funds that are included in the proposed Constitutional Amendment:

- Louisiana Education Quality Trust Fund;
 - Artificial Reef Development Fund;
 - License Endowment Trust Fund;
 - Medicaid Trust Fund for the Elderly;
 - Millennium Trust Fun;
- Rockefeller Wildlife Refuge Trust and Protection Fund; and
Russell Sage or Marsh Island Refuge Fund.

“A YES vote on Constitutional Amendment No. 1 equates to the possibility of more money for K12 and higher education that doesn’t have to come out of the state general fund,” Schroder added. “And, nobody can argue with more funding for protecting our coast.”

Early voting in Louisiana opened October 25 and will run through November 1 from 8:30 a.m.-6 p.m. daily (excluding Sundays). November 4 is the final day to request a mail-in ballot. Constitutional Amendment No. 1 will be on the November 8 ballot.

“Whether you support this ballot item or not, it’s important that you cast your vote and exercise your democratic freedom,” Schroder concluded.

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