

## Fiscal Estimate - 2019 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

<b>LRB Number</b> <b>19-1829/1</b>	<b>Introduction Number</b> <b>AB-0370</b>
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**Description**  
state debt guaranties; delegations by the Board of Regents of the University of Wisconsin System; organizations affiliated with the UW System; and standards of conduct for certain UW System employees

**Fiscal Effect**

**State:**

- ☐ No State Fiscal Effect  
☒ Indeterminate  
☐ Increase Existing Appropriations  
☐ Decrease Existing Appropriations  
☐ Create New Appropriations

☐ Increase Existing Revenues  
☐ Decrease Existing Revenues

☐ Increase Costs - May be possible to absorb within agency's budget  

☐ Yes
 ☐ No

☐ Decrease Costs

**Local:**

- ☐ No Local Government Costs  
☐ Indeterminate  

1. ☐ Increase Costs  
☐ Permissive ☐ Mandatory  
 2. ☐ Decrease Costs  
☐ Permissive ☐ Mandatory

3. ☐ Increase Revenue  
☐ Permissive ☐ Mandatory  
 4. ☐ Decrease Revenue  
☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected

☐ Towns  
☐ Counties  
☐ School Districts

☐ Village  
☐ Others  
☐ WTCS Districts

☐ Cities

**Fund Sources Affected**

☒ GPR
 ☐ FED
 ☐ PRO
 ☐ PRS
 ☐ SEG
 ☐ SEGS

**Affected Ch. 20 Appropriations**

Agency/Prepared By	Authorized Signature	Date
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## Fiscal Estimate Narratives

UWS 9/3/2019

LRB Number	19-1829/1	Introduction Number	AB-0370	Estimate Type	Original
<b>Description</b> state debt guaranties; delegations by the Board of Regents of the University of Wisconsin System; organizations affiliated with the UW System; and standards of conduct for certain UW System employees					

### Assumptions Used in Arriving at Fiscal Estimate

The proposed bill would prohibit the Board of Regents from delegating its authority to make limited appointments as well as delegating its governance powers or duties. It would also prohibit the Board of Regents from delegating the authority to enter into a guaranty, financial agreement or obligation involving an affiliated organization.

In relation to affiliated organizations, the proposed bill also

- requires explicit Board of Regents authorization for a UW institution to enter into a financial obligation with an affiliated organization,
- creates a statutory definition of "UW affiliated organization",
- clarifies that unauthorized financial guaranties made by a chancellor or campus official are not recognized as a public debt
- requires UW institutions to track and evaluate relationships and resources spent on affiliated organizations and requires annual reports to the Board of Regents, and
- prohibits dual employment and compensation by a UW institution and affiliated organization with exceptions.

Additionally, the proposed bill expands the number of campus administrators who need to fill out statements of economic interest, including deans, directors, and anyone responsible for "signing a contract on behalf of the institution". It also clarifies that public records law includes materials provided to UW employees by a UW-affiliated organization (not including donor information).

### Long-Range Fiscal Implications

#### Delegation of Authority:

There will be increased administrative expenses associated with a number of the provisions in the bill related to the delegation of authority however, it is difficult to estimate the cost until procedures are established. Additional staff may be necessary should the Board of Regents be required to make all limited appointments and prohibiting their ability to delegate that power. There are approximately 1,400 limited FTE within the UW System.

The prohibition on the Board of Regents from delegating certain governance powers or duties authority to the President of the UW System, Chancellors, and other campus/system leaders will significantly restrict the ability of these leaders to manage each institution and potentially increase costs associated with the recruitment by complicating the hiring process.

#### UW-Affiliated Organizations:

The UW System has updated Board of Regents policies governing foundations, created new policies governing other affiliated organizations and real estate foundations, and we continue to take actions to manage the relationships with these organizations. These actions already address many of the provisions in the bill related to affiliated organizations.

The bill does not contain a materiality threshold and the definition of affiliated organizations is very broad. This bill treats primary fundraising foundations, real estate foundations, and other affiliated organizations the same even

though they have different purposes, types of relationships with the university, and levels of risk.