

Fiscal Estimate - 2019 Session

Original Updated Corrected Supplemental

LRB Number 19-4089/1	Introduction Number SB-388
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:	
<input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	Affected Ch. 20 Appropriations 20.505(1)(kj)
Agency/Prepared By DOA/ Josh Bachert (608) 261-2292	Authorized Signature Colleen Holtan (608) 266-1359
Date 12/4/2019	

Fiscal Estimate Narratives

DOA 12/4/2019

LRB Number	19-4089/1	Introduction Number	SB-388	Estimate Type	Original
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					

Assumptions Used in Arriving at Fiscal Estimate

2019 Senate Bill 388 proposes to prohibit the state from guarantying public debt, which includes the voluntary, unconditional undertaking of another's debts. The bill also proposed several changes regarding the University of Wisconsin (UW) System.

The bill proposes changes to the delegation authority of the Board of Regents by requiring the Board of Regents to make all limited appointments and prohibiting delegation to any president, chancellor, or administrative officer of a UW institution, except for the appointments that the president of the UW System is currently statutorily required to make. The bill also prohibits the Board of Regents to delegate governance powers or duties to the president or a chancellor or administrative officer of an institution, but permits the delegation of certain powers and authorities to a committee of the Board of Regents, subject to the restrictions created by the bill.

The proposed prohibition includes the delegation of the authority to enter into a guaranty, financial agreement, or obligation involving an UW-affiliated organization. A UW-affiliated organization is defined as an entity as 1) "is legally distinct from a UW institution", 2) "is organized and operated for the benefit or in support of a UW institution", and 3) "is either permitted to use a UW institution's name, or is provided used of a UW institution's space, resources, or employees." The UW Hospitals and Clinics Authority is exempt from this definition. Also excluded is any state agency that is created by the state's constitution or any law or is entitled to expend money appropriated by law.

The bill also places certain requirements on the employment of a UW employee and a UW-affiliated employee unless otherwise approved by the Board of Regents, including adherence the state code of ethics.

The Department of Administration (Department), as a state agency, is excluded from the definition of a UW-affiliated organization. As such, the Department does not anticipate any direct fiscal impact related to the proposed changes to the new prohibitions regarding delegations and would not be directly impacted due to any potential changes in the financial transactions or agreements that the Board of Regents would decide to not enter into.

The Department's Division of Executive Budget and Finance has regular communications on debt-related matters of the State, including with and not limited to, the UW System. It is not expected that these communications, or financial services provided by the Department to the UW System, will be impacted by the proposed changes in legislation. Therefore, the Department does not anticipate a fiscal impact resulting from the proposed legislation.

Long-Range Fiscal Implications