

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 type="checkbox"/> No State Fiscal Effect <input checked="" 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 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By UWS/ Renee Stephenson (608) 263-4422	Authorized Signature Renee Stephenson (608) 263-4422	Date 9/10/2019

Fiscal Estimate Narratives

UWS 9/10/2019

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

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 bill creates one broad definition of UW affiliated organizations that encompasses primary fundraising foundations, real estate foundations, and other affiliated organizations, as well as other possible entities, that the UW System currently regulates through Board of Regent and UW System policies as different types of entities and with materiality threshold. The broadening of the definition and types of reporting that is required under this bill is anticipated to increase costs.