
Wisconsin Legislative Council

ACT MEMO



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2019 Wisconsin Act 110
[2019 Assembly Bill 49]

**Investment of School Trust
Funds**

BACKGROUND

Generally, Wisconsin law authorizes the Board of Commissioners of Public Lands (BCPL) to invest the Common, Normal, University, and Agricultural College Funds (school trust funds) in any type of investment, as long as it invests “with the care an ordinary prudent person in a like position would exercise under similar circumstances” in accordance with the standard of conduct for investing an institutional fund.

Prior to 2019 Wisconsin Act 110, the BCPL was authorized to delegate to the State of Wisconsin Investment Board (SWIB) the authority to invest part or all of the moneys belonging to the school trust funds. However, SWIB could invest the moneys only in fixed income investments or in funds that invest only in fixed income instruments.

2019 WISCONSIN ACT 110

Under 2019 Wisconsin Act 110, the BCPL may contract with SWIB to invest school trust fund moneys, SWIB may be compensated as provided for in the contract, and SWIB may invest the moneys in accordance with the standard that applies to SWIB’s investment of the other funds under its management. This standard requires that SWIB: (1) manage the moneys as would a prudent person acting in a similar situation; (2) adequately diversify investments; and (3) administer trust fund moneys for the purpose of ensuring the fulfillment of the purpose of each trust fund, at a reasonable cost.

Effective date: March 1, 2020

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