



## Fiscal Estimate Narratives

UWS 6/2/2017

|  |           |                     |         |               |          |
|--|-----------|---------------------|---------|---------------|----------|
| LRB Number   | 17-1803/1 | Introduction Number | AB-0338 | Estimate Type | Original |
| <b>Description</b><br>sale of public lands owned by the Board of Commissioners of Public Lands to the state; county management of certain state lands; merit scholarships for certain University of Wisconsin System students; the obligation of moneys for land acquisition under the Warren Knowles-Gaylord Nelson Stewardship 2000 Program; and making an appropriation (at the request of the state treasurer) |           |                     |         |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

This bill allows the Board of Commissioners of Public Lands (BCPL) to sell all properties under its jurisdiction to the state and, if BCPL does sell land, this bill would require the Department of Natural Resources to purchase those lands. Additionally, the bill allows counties to elect to manage these lands. Under current law, BCPL manages the common school fund, the normal school fund, the university fund, and the agricultural college fund (trust funds) whose funds originate from the sale of public lands. This bill would increase the amounts provided for scholarships through the normal school fund. The bill also requires the Board of Regents to award merit-based annual \$5,000 scholarships to students enrolled in two-year or four-year UW schools who have graduated from an in-state high school or been granted a high school diploma by the administrator of an in-state home-based private educational program. The scholarships would be called "Wisconsin Merit scholarships." The bill requires the Board of Regents to determine student merit based on performance on standardized college entrance examinations and, if applicable, cumulative high school grade point averages. The bill would also modify current statute such that the Board of Regents would need to provide \$200,000 annually to the UW-Stevens Point for environmental programs and award the balance through the scholarships described above.

The University of Wisconsin (UW) currently has one property that would be impacted by any potential sale by BCPL. The Pigeon Lake Field Station property is land that is owned by BCPL. However, the facilities on the land are owned by the UW Board of Regents and assigned to UW-River Falls. The facility consists of .9 acres of land in the middle of the BCPL holdings with several cabins, support buildings, and other site improvements. The Board of Regents currently leases the property from BCPL for \$8,000/year. The UW System has been working with BCPL to divest itself of these facilities and the small property component since the approval of the authority to sell in June 2016. In 2016, the BCPL updated a 2015 appraisal which assessed the value of the property and facilities owned by the BOR at \$1,330,000.

Any sale of the public land owned by BCPL would need to account for the Board of Regent owned facilities on the land. If the facilities are sold with the land, the University of Wisconsin is required to use a portion of the proceeds to pay for the outstanding debt of approximately \$300,000 against the property. If the lease would continue with the transfer of land ownership, the exact fiscal impact would depend on the survival of the existing lease. Given that UW System has been working to sell this property, continuation of the lease would have a negative fiscal impact for UW-River Falls. If BCPL were to sell the land to DNR, it is unclear whether they would also sell the facilities as there is no mention of facilities in the current proposal. As BCPL does not own the facilities, whether DNR would be required to purchase the facilities, required to maintain the lease, or would have the ability to modify the lease agreement is entirely uncertain.

The UW System currently does not administer any merit-based scholarship program of the magnitude proposed within this bill. Per an earlier analysis of this bill, when fully implemented, the program is estimated to create 1,000 new scholarships valued at \$5,000 each for a total of \$5 million in scholarships. While much smaller in scope, the Wisconsin Excellence Scholarship program is the only program currently in existence for comparative purposes. The Wisconsin Excellence Program is administered by the State of Wisconsin Higher Educational Aids Board (HEAB). According to HEAB, it took at least one FTE to administer such a scholarship program in addition to time for development of a database to manage the applications. To determine potential salary estimates, an average salary across UW System was calculated (\$60,057). With a fringe rate of 38.69%, the total cost of one FTE for this role would be \$83,293.05. The development of a database could probably be absorbed by current UW Service Center staff. However, if additional assistance were required, it was estimated the work could be done at a .5 FTE level. An average salary of a .5 FTE Service Center developer was \$35,275 plus fringes for a total of \$42,098.95.

### **Long-Range Fiscal Implications**

If the sale of the Pigeon Lake Field Station facilities does not happen, an ongoing lease could have a long-term negative fiscal impact on UW-River Falls depending on the length of time the facilities remain unsold. Additionally, depending on how the proceeds from the sale of the facilities are handled, this could also impact UW-River Falls.