

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-5182/1	Introduction Number SB-713
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Description
 Authority of the Board of Commissioners of Public Lands to make trust fund loans and delegate authority to invest trust fund moneys, the use of common school fund income moneys, and making an appropriation

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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 checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input 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 DPI/ Erin Fath (608) 266-2804	Authorized Signature Erin Fath (608) 266-2804	Date 1/26/2018
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Fiscal Estimate Narratives

DPI 1/26/2018

LRB Number	17-5182/1	Introduction Number	SB-713	Estimate Type	Original
Description Authority of the Board of Commissioners of Public Lands to make trust fund loans and delegate authority to invest trust fund moneys, the use of common school fund income moneys, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes pertaining to trust funds that are managed by the Board of Commissioners of Public Lands (BCPL). Specifically, the bill:

1. Eliminates the authorization of BCPL to make State Trust Fund Loans;
2. Requires SWIB to invest BCPL delegated moneys in the manner SWIB invests the moneys belonging to the other funds SWIB manages; and
3. Removes limitation on the types of expenditures for which school districts may use CSF monies.

This fiscal estimate will address the impact of the bill on school districts and public libraries.

Current Law

Under current law, the Board of Commissioners of Public Lands (BCPL) manages the following trust funds: the Common School Fund (CSF), the Normal School Fund, the University Fund, and the Agricultural College Fund. The BCPL also administers a State Trust Fund Loan Program, under which it makes loans from moneys belonging to the trust funds to school districts, federated public library systems, local governments (including a city, village, or town acting on behalf of a municipal public library), and certain other public entities for certain public purposes.

Under current law, BCPL may delegate authority to the State of Wisconsin Investment Board (SWIB) to invest the moneys belonging to these trust funds, but SWIB may invest the moneys only in fixed income investments or funds that invest only in fixed income instruments.

Also under current law, income (interest earnings) from the CSF is distributed (by DPI) to the school districts of the state as School Library Aid, and must be expended only for the purchase of instructional materials from the State Historical Society for use in teaching Wisconsin history, for the purchase of library books and other instructional materials for school libraries, and, under certain conditions, for the purchase of school library computers and related software. School Library Aid is distributed to public school districts by May 1 of each year, on the basis of a prior year census count of all residents of the districts who are ages 4 through 20 (4 through 13, for K-8 school districts), including residents who do not attend public school in the district.

Fiscal Impact of the Bill

Local Impact - Indeterminate

The bill, if enacted, would have multiple impacts:

1. School districts and public libraries would no longer have the ability to obtain loans from the current law State Trust Fund Loan program. This would limit options for school boards and public libraries that seek to borrow funds. The fiscal impact cannot be projected by DPI.
2. The interest earnings (income) to the CSF may be affected by the provision in the bill that would remove the limitation on the allowable investment vehicles for the CSF (as managed by SWIB), which in turn would impact the total amount available for School Library Aids. The Department is not in a position to project the potential impact of this change on CSF interest earnings, and therefore, the aid for school districts provided from this source.

3. School districts would no longer be required to use the state aid derived from the CSF (School Library Aid under current law) for only library related purchases. It is unknown whether school boards would continue to use all CSF-derived school aid for library related purchases or to reallocate the CSF-derived school aid for other purposes.

[Public libraries do not receive direct state aid that is funded from the CSF.]

State

The bill would have no direct impact on the operations of DPI. There may be impacts on the individual trust funds as a result of this bill, but DPI is not in a position to assess those potential impacts.

Long-Range Fiscal Implications