



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-1350/P1
ARG:cdc

DOA:.....Mott, BB0465 - Working capital investments

FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

Investment of certain UW System moneys by the Investment Board

This bill allows the Board of Regents of the UW System to designate UW System revenues and to manage those designated revenues by directing the State of Wisconsin Investment Board (SWIB) to invest these moneys according to investment policies established by the Board of Regents.

Current law specifies that SWIB has control of the investment of certain state moneys, including those in the general fund. SWIB manages the State Investment Fund (SIF), which operates as an investment trust for managing certain state moneys. Current law prescribes the types of permissible investments that SWIB can make with SIF assets. The SIF functions as a cash management fund under which idle cash balances are pooled and invested in liquid, low-risk investments until these moneys are needed.

Also under current law, the Board of Regents may invest revenues from gifts, grants, and donations by doing any of the following: 1) directly employing a financial manager; 2) selecting a private investment firm using a competitive proposal process; or 3) contracting with SWIB to manage the investment of these moneys. If the Board of Regents invests these moneys in this manner, the moneys are not

required to be deposited in the SIF. If the Board of Regents contracts with SWIB to invest these moneys under item 3 above instead of managing these moneys in the SIF, SWIB must invest the moneys in accordance with the terms of its contract with the Board of Regents and SWIB's general standard of investment prudence.

Under this bill, if the Board of Regents has designated moneys to be managed by SWIB under investment policies established by the Board of Regents, SWIB must invest and manage these moneys in accordance with the investment directives and policies of the Board of Regents. However, SWIB remains subject to its general standard of investment prudence and SWIB may decline to follow any investment directive or policy that SWIB considers to involve unreasonable risk or to be in violation of this standard of investment prudence. SWIB invests these moneys outside the SIF.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 25.17 (2) (h) of the statutes is created to read:

25.17 (2) (h) Notwithstanding any other provision of this chapter, invest moneys designated by the Board of Regents of the University of Wisconsin System under s. 36.11 (11m) (am) as directed by the Board of Regents under the Board of Regents' investment policies. The investment board shall make and manage investments under this paragraph in accordance with the investment directives and policies of the Board of Regents except that the investment board may decline to follow any investment directive or policy that the investment board considers to involve unreasonable risk or to be in violation of the investment board's standard of responsibility under s. 25.15 (2).

SECTION 2. 25.17 (9m) of the statutes is amended to read:

25.17 (9m) If contracted to do so by the Board of Regents of the University of Wisconsin System, invest the moneys specified in s. 36.11 (11m) (a) in accordance

with the terms of the contract and the board's standard of responsibility specified in s. 25.15 (2).

SECTION 3. 36.11 (11m) (am) of the statutes is created to read:

36.11 **(11m)** (am) The Board of Regents may manage the investment of any revenues designated by the Board of Regents, including revenues specified in par. (a), by directing the investment board to invest these moneys according to investment policies established by the Board of Regents.

SECTION 4. 36.11 (11m) (b) of the statutes is amended to read:

36.11 **(11m)** (b) Notwithstanding ss. 25.14 (1) (a) and 25.17 (1) (g), the board is not required to deposit revenues from gifts, grants, and donations in the state investment fund if the board invests these moneys as provided in par. (a). Notwithstanding ss. 25.14 (1) (a) and 25.17 (1) (g), the board is not required to deposit revenues designated under par. (am) in the state investment fund if the board directs the investment of these moneys as provided in par. (am) and s. 25.17 (2) (h).

(END)