



RIVER VALLEY SCHOOL DISTRICT

660 West Daley Street

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Spring Green, Wisconsin 53588

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Phone: 608-588-2551

August 16, 2018

Dear Legislative Council:

Our District is opposed to SB 713, because we feel there are unforeseen consequences with this bill. Our first concern is how the bill's language may impact the Common School Fund over the long run. The Common School Fund is the **only** source of dedicated school library funding in Wisconsin and in our case is the entire library budget for our four buildings. It is very important to note that this money is the only source of dedicated school library funding in our District that receives outside of the state imposed revenue limits. Without these funds, our District would have to consider budget cuts and/or reductions in our school libraries.

Supporters of SB 713 state that each individual community is different, and allowing local discretion with the use of the Common School Fund disbursements would be beneficial and library programs could be expanded if there is local support. Distributions from the Common School Fund are often the only dollars available for school libraries to purchase informational materials including books, newspapers and periodicals, web-based resources, and computer hardware and software. In River Valley, we have been able to continually update our informational materials such as books and other resources for students. In addition, we have been able to purchase technology for our libraries that is available to all students and families in our District. Our District relies on the Common School Fund dollars to keep our school libraries current. Knowing that we can depend on this money each year, and also have an understanding of the amount is extremely beneficial for budgeting purposes. Overall, eliminating the only dedicated source of school library funding would not be beneficial to Wisconsin students.

In addition, SB 713 would eliminate the Board of Commissioners of Public Lands (BCPL) State Trust Fund Loan Program which would have a negative impact for a school district such as River Valley. Our District was able to utilize the BCPL program to refinance our unfunded liability to the Wisconsin Retirement System (WRS). The loan application process was fast, easy, and reliable. The lack of fees and prepayment allows our district to make the most fiscally responsible use of taxpayer dollars. We appreciate the availability of efficient financing with low interest rates.

Less than two years later, we were able to refinance our original loan and borrow additional funds for technology improvements at a lower interest rate. The ability to finance this money will result in long term savings to the taxpayers of the River Valley School District. Eliminating the BCPL program would take a fiscal option away from our District when it comes to borrowing funds for projects.



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Another concern is allowing the State of Wisconsin Investment Board (SWIB) the ability to be more aggressive in investing this money. While SWIB does a great job of managing the State Retirement Fund the approaches for that fund and the BCPL fund are and should be completely different. The Legislative Fiscal Bureau (LFB) has stated that it is unlikely that SWIB would be able to do any better than BCPL because they would need to adhere to the constitutional and statutory requirements of the trust fund. In addition, the LFB concluded that "SWIB would be required to manage the trust funds prudently and be subject to the same constitutional and statutory constraints as the BCPL." LFB went on to say that if SWIB had been managing the funds during the 2008 financial crash, they would have experienced a loss of \$195 million to \$290 million. According to LFB, this "would have been equal to approximately five to eight years of earnings from low-risk investments at that time." A loss of this amount would be devastating to the Common School Fund and the state trust fund loan program. Therefore, we believe that it is prudent to stay on the present course.

We appreciate your time and your consideration of our thoughts.

Sincerely,

Brian Krey

Jon Novak