



## 2019 SENATE JOINT RESOLUTION

1     ***To renumber and amend*** section 5 of article X and section 6 of article X; ***to amend***  
2             section 2 of article X; and ***to create*** section 5 (2) of article X, section 5 (3) of  
3             article X, section 6 (2) of article X and section 6 (3) of article X of the constitution;  
4     ***relating to:*** the assets of and distributions from the school fund and the assets  
5             of and distributions from the university fund (first consideration).

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### ***Analysis by the Legislative Reference Bureau***

This constitutional amendment, proposed to the 2019 legislature on first consideration, is explained in the PREFATORY NOTE provided by the Joint Legislative Council.

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6     ***Resolved by the senate, the assembly concurring, That:***

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This joint resolution was prepared for the Joint Legislative Council's Study Committee on the Investment and Use of the School Trust Funds.

Under Article XII, Section 1 of the Wisconsin Constitution, a constitutional amendment must be adopted by two successive Wisconsin Legislatures and ratified in a statewide referendum. A proposed change to the constitution is offered as a joint resolution, which must be adopted by a majority vote of the members in each house of the Legislature. After adoption by the first Legislature (first consideration), the proposal must be published for three months previous to the next general election in which the Legislature is chosen. It then must be referred to the second Legislature (i.e., the one chosen at the next general election). Once approved by the second Legislature (second

consideration), the Legislature must submit the proposed amendment to the people of the state in such manner and at such time as the Legislature shall prescribe. If a proposed amendment is approved by a majority of the electors voting on the amendment, it becomes part of the constitution.

This joint resolution, proposed to the 2019 Legislature on first consideration, makes changes relating to each of the three school trust funds provided for in the Wisconsin Constitution, as summarized below.

### **Background**

#### Common and Normal School Funds

With regard to the Common and Normal School Funds, the Wisconsin Constitution: (1) identifies the beneficiaries for whose benefit each fund is to be managed and used; (2) identifies the lands and moneys belonging to the funds; (3) vests the Board of Commissioners of Public Lands (BCPL) with responsibility for managing the land belonging to the funds and investing the fund moneys as the Legislature directs; (4) authorizes the Legislature to direct how fund moneys are to be invested; and (5) requires that all of the fund lands (or the proceeds from their sale) and all of the moneys belonging to the funds must be preserved, while all revenues derived from the lands and all interest and other income earned through investment of the fund moneys must be apportioned and distributed to the beneficiaries as provided by law.

#### University Fund

With regard to the University Fund, the Wisconsin Constitution: (1) identifies the state university as the beneficiary for whose benefit the fund is to be managed and used; (2) identifies the lands belonging to the fund; (3) vests the BCPL with responsibility for managing the land belonging to the fund and investing the proceeds from the sale of the land as the Legislature directs; (4) authorizes the Legislature to direct how fund moneys are to be invested; and (5) requires that all of the proceeds from the sale of the fund lands must be preserved while all interest and other income earned through investment of the proceeds must be distributed to the state university.

### **Joint Resolution**

The joint resolution makes no changes to the first four provisions listed above for each fund. The joint resolution repeals the requirements summarized in item five for each fund and instead provides the following:

- Each fund's investment proceeds must be added to the respective fund.
- All revenues derived from the Common and Normal School Fund lands must be added to those funds.
  - Distributions may be made out of the funds, including from fund moneys previously required to be withheld from distribution.
  - Distributions made out of each fund must be made in a manner consistent with the objectives of preserving the purchasing power of the fund and maintaining stable distributions to fund beneficiaries.
  - The total amount of all distributions from a fund in any year may not exceed 3.5 percent of the average value of the fund's assets over the preceding five years, calculated as provided by law, excluding the value of lands.

1           **SECTION 1.** Section 2 of article X of the constitution is amended to read:  
 2           [Article X] Section 2. The proceeds of all lands that have been or hereafter may  
 3 be granted by the United States to this state for educational purposes (except the  
 4 lands heretofore granted for the purposes of a university) and all moneys and the

1 clear proceeds of all property that may accrue to the state by forfeiture or escheat;  
2 and the clear proceeds of all fines collected in the several counties for any breach of  
3 the penal laws, and all moneys arising from any grant to the state where the purposes  
4 of such grant are not specified, and the 500,000 acres of land to which the state is  
5 entitled by the provisions of an act of congress, entitled "An act to appropriate the  
6 proceeds of the sales of the public lands and to grant pre-emption rights," approved  
7 September 4, 1841; and also the 5 percent of the net proceeds of the public lands to  
8 which the state shall become entitled on admission into the union (if congress shall  
9 consent to such appropriation of the 2 grants last mentioned); together with all  
10 investment proceeds and all other revenues derived from the school lands, shall be  
11 ~~set apart as~~ and remain a separate and perpetual trust fund to be called "the school  
12 fund," ~~the interest of which and all other revenues derived from the school lands shall~~  
13 be exclusively applied to the following objects, to-wit:

14 (1) ~~To the~~ The support and maintenance of common schools, in each school  
15 district, and the purchase of suitable libraries and apparatus therefor.

16 (2) ~~The residue shall be appropriated to the~~ support and maintenance of  
17 academies and normal schools, and suitable libraries and apparatus therefor.

18 **SECTION 2.** Section 5 of article X of the constitution is renumbered section 5 (1)  
19 of article X and amended to read:

20 [Article X] Section 5 (1) Provision shall be made by law for ~~the distribution of~~  
21 ~~the income of~~ distributions from the school fund. Distributions among the several  
22 towns and cities of the state for the support of common schools therein, shall be made  
23 in some just proportion to the number of children and youth resident therein between  
24 the ages of four and twenty years, and no appropriation shall be made from the school  
25 fund to any city or town for the year in which said city or town shall fail to raise such

1 tax; nor to any school district for the year in which a school shall not be maintained  
2 at least three months.

3 **SECTION 3.** Section 5 (2) of article X of the constitution is created to read:

4 [Article X] Section 5 (2) Distributions from the school fund shall be made in a  
5 manner consistent with the objectives of preserving the purchasing power of the fund  
6 and maintaining stable distributions to fund beneficiaries.

7 **SECTION 4.** Section 5 (3) of article X of the constitution is created to read:

8 [Article X] Section 5 (3) The total amount of all distributions from the school  
9 fund in any year may not exceed 3.5 percent of the average value of the fund's assets  
10 over the preceding 5 years, calculated as provided by law, excluding the value of  
11 lands.

12 **SECTION 5.** Section 6 of article X of the constitution is renumbered section 6 (1)  
13 of article X and amended to read:

14 [Article X] Section 6 (1) Provision shall be made by law for the establishment  
15 of a state university at or near the seat of state government, and for connecting with  
16 the same, from time to time, such colleges in different parts of the state as the  
17 interests of education may require. The proceeds of all lands that have been or may  
18 hereafter be granted by the United States to the state for the support of a university,  
19 together with all investment proceeds, shall be and remain a separate and perpetual  
20 trust fund to be called "the university fund," ~~the interest of~~ which shall be  
21 appropriated to the support of the state university, and no sectarian instruction shall  
22 be allowed in such university.

23 **SECTION 6.** Section 6 (2) of article X of the constitution is created to read:

1 [Article X] Section 6 (2) Distributions from the university fund shall be made  
2 in a manner consistent with the objectives of preserving the purchasing power of the  
3 fund and maintaining stable distributions to fund beneficiaries.

4 **SECTION 7.** Section 6 (3) of article X of the constitution is created to read:

5 [Article X] Section 6 (3) The total amount of all distributions from the  
6 university fund in any year may not exceed 3.5 percent of the average value of the  
7 fund's assets over the preceding 5 years, calculated as provided by law, excluding the  
8 value of lands.

9 **SECTION 8. Numbering of new provisions.** If another constitutional  
10 amendment ratified by the people creates the number of any provision created in this  
11 joint resolution, the chief of the legislative reference bureau shall determine the  
12 sequencing and the numbering of the provisions whose numbers conflict and shall  
13 adjust any cross-references to those provisions.

14 ***Be it further resolved, That*** this proposed amendment be referred to the  
15 legislature to be chosen at the next general election and that it be published for three  
16 months previous to the time of holding such election.

17 (END)