



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-0972/1
EVM:klm/ahe/kjf

2019 BILL

1 AN ACT *to repeal* 24.77 and 25.17 (1) (o); *to renumber* 24.80 and 24.81; *to*
2 *renumber and amend* 36.49 and 43.70 (3); *to amend* 20.255 (2) (s), 20.285 (1)
3 (rm) and 43.70 (2); *to repeal and recreate* 24.78; and *to create* 24.80 (2), 24.81
4 (2), 24.83 and 36.49 (2m) of the statutes; **relating to:** management of school
5 trust funds and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill was prepared for the Joint Legislative Council's Study Committee on the Investment and Use of the School Trust Funds. Key provisions of the bill are summarized below.

Common School Fund

Current law identifies certain moneys as constituting the income of the Common School Fund (CSF), and provides that all CSF income is to be directed into the "School Library Aids" appropriation. Annually by January 10, the state superintendent must apportion the school library aids among the school districts, based on an estimate of the

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amount of funds that will be available in the “School Library Aids” appropriation on the following April 15. The state superintendent must then certify the apportionment to the Department of Administration (DOA), and must notify each school district of the estimated distribution amounts. On or before May 1 of each year, DOA must distribute library aid in one payment to each school district, based on the amount of funds in the “School Library Aids” appropriation on April 15.

This bill repeals the provisions identifying certain moneys as constituting the income of the CSF, and it instead authorizes the Board of Commissioners of Public Lands (BCPL) to distribute, invest, or accumulate any moneys that are distributable. Annually by January 1, the BCPL must report to the state superintendent whether a distribution for the current year will be made, and, if so, the amount to be distributed. By January 10, the state superintendent must apportion the amount reported by the BCPL among the school districts, certify the apportionment to DOA, and notify each school district of the amounts. On or before May 1 of each year, DOA must distribute library aid in one payment to each school district, in the amounts that the state superintendent certified to DOA.

Normal School Fund

Current law provides that all income and interest of the Normal School Fund (NSF) is to be directed into the “Environmental Program Grants and Scholarships” appropriation for the University of Wisconsin System. From this appropriation, the Board of Regents must: (1) annually make need-based grants totaling \$100,000 to certain eligible students; (2) provide annual scholarships totaling \$100,000 to certain eligible students; (3) provide \$300,000 to UW-Stevens Point for environmental programs; and (4) use any remaining funds in the appropriation to merit award scholarships in the amount of \$5,000 each to certain eligible students.

The bill repeals the requirement that all income and interest of the NSF be directed into the “Environmental Program Grants and Scholarships” appropriation. Instead, it authorizes the BCPL to distribute, invest, or accumulate any NSF moneys that are distributable. The bill provides that, if the amount that the BCPL determines to distribute is insufficient for the Board of Regents to make the awards listed in categories one through three above, the Board of Regents may determine the total amount to be awarded in each category, up to the amounts specified above.

University Fund and Agricultural College Fund

The bill authorizes the BCPL to distribute, invest, or accumulate any moneys that are distributable out of the University and Agricultural College Funds.

Standard of Prudence for Determining Whether to Distribute or Accumulate Fund Moneys

For each of the four funds, the bill requires that, in determining whether to distribute or accumulate moneys, the BCPL must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and must consider, if relevant, the factors regarding distribution and accumulation set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The factors are: (1) the duration and preservation of the fund; (2) the purposes of the fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of beneficiaries; and (7) the investment policy for the fund.

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1 20.255 (2) (s) *School library aids.* ~~All moneys received as~~ From the common
2 school fund income to be distributed as provided in ss. a sum sufficient equal to the
3 amounts determined under s. 24.78 and for distributions under s. 43.70.

4 **SECTION 2.** 20.285 (1) (rm) of the statutes is amended to read:

5 20.285 (1) (rm) *Environmental program grants and scholarships; Wisconsin*
6 *Merit scholarships.* From the normal school fund, ~~all income and interest~~ a sum
7 sufficient equal to the amount determined under s. 24.80 (2) for grants, scholarships,
8 and environmental programs under s. 36.49.

9 **SECTION 3.** 24.77 of the statutes is repealed.

10 **SECTION 4.** 24.78 of the statutes is repealed and recreated to read:

11 **24.78 Common school fund distributions.** The board may distribute,
12 invest, or accumulate distributable common school fund moneys. No later than
13 January 1 of each year, the board shall report to the state superintendent of public
14 instruction whether a distribution for the current school year will be made and, if so,
15 the amount of the distribution. In making a determination to distribute or
16 accumulate under this section, the board shall act in good faith, with the care that
17 an ordinarily prudent person in a like position would exercise under similar
18 circumstances, and shall consider, if relevant, the factors under s. 112.11 (4) (a) 1. to
19 7.

20 **SECTION 5.** 24.80 of the statutes is renumbered 24.80 (1).

21 **SECTION 6.** 24.80 (2) of the statutes is created to read:

22 24.80 (2) The board may distribute, invest, or accumulate distributable normal
23 school fund moneys. No later than January 1 of each year, the board shall determine
24 whether an annual distribution will be made and, if so, the amount of the
25 distribution. In making a determination to distribute or accumulate under this

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1 subsection, the board shall act in good faith, with the care that an ordinarily prudent
2 person in a like position would exercise under similar circumstances, and shall
3 consider, if relevant, the factors under s. 112.11 (4) (a) 1. to 7.

4 **SECTION 7.** 24.81 of the statutes is renumbered 24.81 (1).

5 **SECTION 8.** 24.81 (2) of the statutes is created to read:

6 24.81 (2) The board may distribute, invest, or accumulate distributable
7 university fund moneys. In making a determination to distribute or accumulate
8 under this subsection, the board shall act in good faith, with the care that an
9 ordinarily prudent person in a like position would exercise under similar
10 circumstances, and shall consider, if relevant, the factors under s. 112.11 (4) (a) 1. to
11 7.

12 **SECTION 9.** 24.83 of the statutes is created to read:

13 **24.83 Agricultural college fund distributions.** The board may distribute,
14 invest, or accumulate distributable agricultural college fund moneys. In making a
15 determination to distribute or accumulate under this section, the board shall act in
16 good faith, with the care that an ordinarily prudent person in a like position would
17 exercise under similar circumstances, and shall consider, if relevant, the factors
18 under s. 112.11 (4) (a) 1. to 7.

19 **SECTION 10.** 25.17 (1) (o) of the statutes is repealed.

20 **SECTION 11.** 36.49 of the statutes is renumbered 36.49 (1m), and 36.49 (1m) (d),
21 as renumbered, is amended to read:

22 36.49 (1m) (d) Award the balance in annual scholarships called "Wisconsin
23 Merit scholarships," which shall be based only on merit, to students who are enrolled
24 in an institution or college campus and who have either graduated from high school
25 in this state or been granted a high school diploma by the administrator of a

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1 home-based private educational program, as defined in s. 115.001 (3g), in this state.

2 The board shall determine merit based on a performance on standardized college
3 entrance examinations and, if applicable, cumulative high school grade point
4 averages. An annual scholarship awarded to a student under this subsection shall
5 equal \$5,000. This ~~subsection~~ paragraph does not apply beginning on April 1, 2023.

6 **SECTION 12.** 36.49 (2m) of the statutes is created to read:

7 36.49 (2m) If the distribution under s. 20.285 (1) (rm) is insufficient to pay the
8 full amounts under sub. (1m) (a) to (c), the board may determine the amounts to be
9 distributed under each paragraph but may not exceed the amount specified under
10 each paragraph.

11 **SECTION 13.** 43.70 (2) of the statutes is amended to read:

12 43.70 (2) Annually by January 10, the state superintendent shall apportion the
13 amount that is ~~estimated to be appropriated under s. 20.255 (2) (s)~~ reported for
14 distribution by the board of commissioners of public lands under s. 24.78 in the
15 current school year to the school districts in proportion to the number of persons
16 ~~resident therein~~ residing in the school district, as shown by the report certified under
17 sub. (1).

18 **SECTION 14.** 43.70 (3) of the statutes is renumbered 43.70 (3) (a) and amended
19 to read:

20 43.70 (3) (a) Immediately upon making such ~~the~~ the apportionment under sub. (2),
21 the state superintendent shall certify to the department of administration the
22 ~~estimated~~ amount that each school district is entitled to receive under this section
23 and shall notify each school district administrator of the ~~estimated~~ amount so
24 certified for his or her school district.

