



## Legislative Fiscal Bureau

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April 7, 2010

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 656/Assembly Bill 912: Marshfield Rural Dental Education Outreach Facility

This memorandum summarizes SB 656 and AB 912, which are companion bills that would provide state funding for the construction of a rural dental education outreach facility in Marshfield. The bills were introduced on March 29, 2010, and referred to the Joint Committee on Finance.

### **SUMMARY OF THE BILLS**

SB 656/AB 912 would enumerate a \$20,000,000 rural dental education outreach facility in Marshfield as part of the 2009-11 state building program. The enumeration would indicate that the project would be funded with \$10,000,000 in general fund supported bonding and \$10,000,000 in gifts, grants, and other receipts.

The bills would also authorize the Building Commission, before July 1, 2015, to issue up to \$10,000,000 in general fund supported bonding to aid in the construction of the facility. The state funding commitment to the project would be in the form of a grant to Marshfield Clinic and before approving any state funding commitment to the Marshfield Clinic, the Building Commission would be required to make a determination that the Clinic has secured at least \$10,000,000 of additional funding from non-state sources for the project. The Building Commission would not be allowed to make the grant, unless the Department of Administration (DOA) has reviewed and approved the plans for the construction of the facility, although DOA could not supervise any services or work or let any contract for the project. The bills would specify that the project enumeration would be void if the Commission does not authorize public debt to be issued for the project by June 30, 2015.

The bills would specify that if the Building Commission authorizes a grant to the Marshfield Clinic, and if, for any reason, the facility that is constructed is not used as a rural dental education

outreach facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant.

The bills would provide \$10,000,000 in bonding for a grant for the project. The bills would specify the bonding authorization could only be used to contract public debt for the project if the project is authorized by the Commission before July 1, 2015. The bills would also create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project.

The bills would specify that the Legislature finds and determines that expanding access to dental education, especially for the provision of dental care in rural and underserved areas of Wisconsin, greatly benefits state residents and is essential for preserving public health in Wisconsin. The bills further specify that it is in the public interest, and it is the public policy of this state, to assist the Marshfield Clinic in the construction of a rural dental education outreach facility in Marshfield.

## **FISCAL EFFECT**

Under 2009 Act 28, the Building Commission is directed to allocate \$500,000 from the building trust fund to study the state's role in expanding access to dental education in the state. The study is to emphasize the state's role in increasing dental care in rural and underserved areas of the state, including the possibility of construction of a new dental school in Marshfield. The Building Commission released \$200,000 in funding to complete the study in October, 2009. A draft version of the study was made public on March 22, but is still subject to revision. The study indicated that developing a new dental school would be a lengthy process, but that residency and other dental education programs could be developed by the Marshfield Clinic in the near term. Representatives of the Marshfield Clinic indicate that the proposed building would include both lab and classroom space needed for dental education.

Historically, local projects tend not to be included in the state building program, which is intended to address state facility needs. However, in recent biennia, the Building Commission and the Legislature have included local projects as part of the biennial state building program. For example, in the past, the state has provided funding for local, non-state projects including the Nash Auto Museum in Kenosha, the Madison Children's Museum, the Swiss Cultural Center in New Glarus and Hmong Cultural Centers in Dane County and La Crosse.

In addition, the state has also provided funding for non-state research and education facilities similar to the proposed project. For example, state funding has been provided to assist in the construction of the Marquette Dental School, the biomedical research, business incubator facility at the Medical College of Wisconsin, and the Children's Research Institute at the Children's Hospital and Health System in the City of Wauwatosa. These types of projects, unlike the other local projects discussed earlier, are not aimed at a specific location or population in the state, but rather have a broader impact on the health of citizens in the state as well as the state's economy.

The bills would authorize the Building Commission to issue up to \$10,000,000 in general fund supported borrowing for the rural dental education outreach facility in Marshfield. It is likely the bonds for the project would not be issued until after the 2009-11 biennium. Therefore, the state would not likely incur any GPR debt service costs associated with bonding recommended for the project in the 2009-11 biennium. However, under a twenty-year, flat repayment structure, the annual debt service costs once the bonds are fully-issued would result in estimated annual debt service of \$750,000 GPR and total principal and interest payments of \$15,000,000 over the life of the bonds.

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