

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary							
Fund	2024-25 Base Year Doubled	2025-27 Governor	2025-27 Jt. Finance	2025-27 Legislature	2025-27 Act 15	Act 15 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$3,228,200	\$4,075,400	\$3,231,200	\$3,231,200	\$3,231,200	\$3,000	0.1%
FED	105,400	105,400	105,400	105,400	105,400	0	0.0
SEG	<u>146,400</u>	<u>626,400</u>	<u>826,400</u>	<u>826,400</u>	<u>626,400</u>	<u>480,000</u>	327.9
TOTAL	\$3,480,000	\$4,807,200	\$4,163,000	\$4,163,000	\$3,963,000	\$483,000	13.9%

FTE Position Summary						
Fund	2024-25 Base	2026-27 Governor	2026-27 Jt. Finance	2026-27 Legislature	2026-27 Act 15	Act 15 Change Over 2024-25 Base
GPR	8.70	9.70	7.70	7.70	8.70	0.00
SEG	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
TOTAL	9.70	10.70	8.70	8.70	9.70	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 105]

Governor/Legislature: Provide \$117,700 (\$97,700 GPR and \$20,000 SEG from the forestry account of the conservation fund) annually in the 2025-27 biennium for adjustments to the base budget for full funding of continuing position salaries and fringe benefits.

GPR	\$195,400
SEG	<u>40,000</u>
Total	\$235,400

2. FINANCIAL AND LAND ASSET MANAGEMENT [LFB Paper 185]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	\$480,000	- \$480,000	\$0	\$0
SEG	<u>440,000</u>	<u>200,000</u>	<u>- 200,000</u>	<u>440,000</u>
Total	\$920,000	- \$280,000	- \$200,000	\$440,000

Governor: Provide \$460,000 (\$240,000 GPR and \$220,000 forestry SEG) annually in the 2025-27 biennium to fund the following: (a) a portfolio management platform and consulting services related to management of trust fund financial assets (\$240,000 GPR annually); (b) land appraisal, deferred maintenance of roads, supplies, and contracts with third-party foresters, for managing agency land holdings and forests (\$170,000 forestry SEG annually); and (c) planting trees on unproductive timber land (\$50,000 forestry SEG annually).

The Board of Commissioners of Public Lands (BCPL) manages the Common School Fund, Normal School Fund, University Fund, and the Agricultural College Fund and distributes the interest earnings of the trust funds to each fund's beneficiary. For instance, BCPL distributes interest income from the Common School Fund to public school libraries. BCPL also manages school trust lands, from which it generates revenues through land and timber sales.

In 2015, BCPL was provided statutory authority that allowed the Board to diversify the types of financial instruments in which it can invest, such as equities, real estate, and infrastructure. BCPL indicates that this diversifying of assets has increased the complexity of managing the portfolio. In addition to allocating GPR funding for procuring a new platform to manage investments, BCPL would utilize GPR funding for private investment analysts and advisors for portfolio review and asset selection or allocation.

According to BCPL, timber sales have increased and average approximately \$1,000,000 per year. Forestry SEG funding would support timber marketing, the administration of timber sales, forest road improvements, and appraisals of parcels offered for sale in BCPL's continuing consolidation of land holdings (land banking). Additionally, BCPL reports that after timber harvesting, some lands need to be replanted to become productive again. Forestry SEG funding would support replanting of certain lands BCPL manages.

Joint Finance/Legislature: Modify provision to include \$100,000 forestry SEG each year for a new portfolio management system, due diligence and asset allocation analyses, and investment accounting services. The change replaces funding of \$240,000 GPR each year for the same purposes.

Include funding of \$170,000 forestry SEG each year for the following land asset management costs: (a) \$75,000 each year for road maintenance, and specify that \$65,000 each year of the funding is provided on a one-time basis; (b) \$30,000 each year for land appraisals; (c) \$20,000 each year for timber and boundary marking; (d) \$20,000 each year for paint and supplies; (e) \$15,000 each year for building maintenance and signage; and (f) \$10,000 each year for land surveys. Additionally, include \$50,000 forestry SEG each year for tree planting costs.

Veto by Governor [E-20]: Delete \$100,000 forestry SEG each year from BCPL's appropriation for forest land and timber management for a new portfolio management system, due diligence and asset allocation analyses, and investment accounting services.

[Act 15 Vetoed Section: 17 (as it relates to s. 20.507(1)(q))]

3. ACCOUNTANT POSITION

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding Positions		Funding Positions		Funding Positions	
GPR	\$130,200	1.00	-\$130,200	- 1.00	\$0	0.00

Governor: Provide \$55,900 in 2025-26 and \$74,300 in 2026-27 in funding for salary and fringe benefits and 1.0 position annually to hire an accountant. BCPL manages approximately \$1.5 billion in trust funds and currently has one accountant position. The Administration indicates that preferred accounting practices necessitate a second accountant so that each is performing separate tasks related to their volume of transactions.

Joint Finance/Legislature: Provision not included. (Removed from budget consideration pursuant to Joint Finance Motion #4.)

4. AIDS IN LIEU OF PROPERTY TAXES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$5,000	-\$5,000	\$0

Governor: Convert the annual GPR appropriation for aids in lieu of property tax payments for BCPL-owned land to a sum sufficient GPR appropriation. Further, provide \$5,000 in 2026-27 in additional funding for aids in lieu of property tax payments.

Under s. 24.62(3) of the statutes, BCPL is required to pay aids in lieu of property taxes on all lands acquired or exchanged by the Board after July 14, 2015, provided the lands were taxable or subject to aids in lieu of property taxes at the time of acquisition. BCPL pays an amount equal to the property taxes levied, or the state or federal payments in lieu of taxes made, in the year prior to purchase or exchange.

The Administration indicates that BCPL's aids in lieu of property tax obligations have increased over time as BCPL has acquired additional lands through purchase or exchange under its land-banking authority, by which the Board is consolidating land holdings. Due to aids payments being made from a sum certain appropriation under current law, the appropriation requires periodic adjustments as BCPL acquires new land. If BCPL were to owe more aids than were budgeted, then any additional obligations for aids in lieu of property taxes would be funded through the general program operations appropriation, which could limit BCPL real estate or other activities. In 2023-24, \$30,000 was appropriated to BCPL for aids in lieu of property tax payments and approximately \$24,800 was expended for these purposes. In 2024-25, \$35,000 was appropriated to BCPL for aids in lieu of property tax payments. The bill budgets aids in lieu of property tax payments at \$35,000 in 2025-26 and \$40,000 in 2026-27.

Joint Finance/Legislature: Provision not included. (Base funding of \$35,000 each year is retained in the annual appropriation.)

5. LIMITED-TERM EMPLOYEE COSTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$36,600	- \$36,600	\$0

Governor: Provide \$18,300 annually in the 2025-27 biennium in additional funding for salary and fringe costs for limited-term employees (LTEs). BCPL utilizes LTEs to perform information technology (IT) work, as well as research and projects related to trust assets at the agency. BCPL reports that the costs associated with IT LTEs have been higher than the amounts allocated to the agency for these purposes in the 2023-25 biennium.

Joint Finance/Legislature: Provision not included.

6. DELETE VACANT POSITION

	Jt. Finance/Leg. (Chg. to Base)		Veto (Chg. to Leg.)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$192,400	-1.00	\$0	1.00	-\$192,400	0.00

Joint Finance/Legislature: Delete 1.0 vacant Deputy Commissioner of Public Lands position, and decrease BCPL's permanent position salary allotment by \$72,200 each year and decrease its fringe benefits allotment by \$24,000 each year. Repeal the statutory provision that the BCPL Executive Secretary appoint a Deputy Commissioner. The position has been vacant since August, 2021.

Veto by Governor [E-23]: Restore statutory references to the appointment and responsibilities of the Deputy Commissioner and retain the position. The decreases to BCPL's permanent position salary and fringe benefits allotments related to the Deputy Commissioner position are retained.

[Act 15 Vetoed Section: 119]

7. MOVING VIOLATIONS FINES AND FORFEITURES -- MILWAUKEE COUNTY SEG-REV - \$4,400,000

Joint Finance/Legislature Specify that Milwaukee County may retain 100% of fine and forfeiture revenues from violations of state traffic laws. For counties other than Milwaukee County, retain current law provisions that require 50% of fine and forfeiture revenues from

violations of state traffic laws to be deposited to the Common School Fund, while the remaining 50% of these revenues are retained by the county. The additional amounts retained by Milwaukee County would be used to fund additional District Attorney positions. Estimate decreased revenues to the Common School Fund of -\$2,200,000 SEG-REV annually. [See "District Attorneys."]

[Act 15 Sections: 204 thru 206]