



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Testimony on SB 713

January 31, 2018

Good morning members of the Senate Committee on Government Operations, Technology and Consumer Protection. The bill before you today, SB 713, is a forward-looking innovation designed to harness existing state resources to generate better returns for public schools. I am glad to be working with Rep. Rob Hutton on this legislation. He and I both share a strong desire to support innovations and efficiencies in state government.

One of the primary responsibilities of the Board of Commissioners of Public Lands is the management of \$1 billion in trust funds that generate revenue for the Common School Fund. By law, the Common School Fund distributes monies to local school districts for the maintenance of school libraries.

Current law narrowly defines the type of investments the BCPL is allowed to make in order to fund the Common School Fund. Because of these restrictions, it is impossible for the BCPL to see the kind of returns we find elsewhere in state government. For example, the State of Wisconsin Investment Board manages numerous funds, including the Wisconsin Retirement System, in a way that carefully balances performance with prudence. SWIB has a proven track record of sound financial management, however under current law the BCPL is not allowed to mimic SWIB's success.

SB 713 broadens the investment authority to allow the BCPL – if its commissioners so choose – to partner with SWIB in the management of its trust funds. That is a key point. SWIB would handle only the funds the BCPL approve transferred.

The bill would not require all the money to be shifted to the SWIB. In fact, because there are many loans still active, the lower returns on the fund will exist for well over a decade. As a business owner, I was far better off taking investment risks for long term gains than worrying about the short term.

According to the Legislative Fiscal Bureau, from 1991 through 2016, the BCPL's earnings have totaled \$689.5 million. Over that same time period, the earnings could have totaled \$1.25 billion if managed like the WRS Core Fund, and \$1.47 billion if managed like the WRS Variable Fund.

This means that SWIB could generate roughly twice as much money from existing BCPL assets. While we allow this growth in our pension system, we hinder public education.

Doubling the amount of money we send to public schools through the Common School Fund by better managing existing resources makes good fiscal sense.

To help transition the BCPL into better performing investments, SB 713 eliminates the existing local government loan program. This program competes with lenders in the private sector and undercuts the ability of local banks and credit unions to secure the business of governments.

The government should not be in the business of banking, and lending institutions across our state are more than capable of working with municipalities to offer the kind of financing they need.

Current loans made by the existing BCPL program will not be affected by SB 713. Those loans will continue to run their term, nonetheless as they expire the funds could be directed into higher performing investments. Local governments with an active current loan from the BCPL will not see any impact from this proposal. The shift to SWIB will be slow to ensure success.

Finally, some critics of this legislation suggest school libraries will be harmed by this innovation. Because higher rates of return will lead to more money being sent to local public schools from the Common School Fund, SB 713 updates statutory language to give school districts flexibility in deciding how those funds are spent. At a time when many districts are looking for ways maximize existing resources to meet current and developing needs, this flexibility will preserve local decision-making in school budgeting.

It is disappointing the education establishment is objecting to a bill that would add more money to education. I find it disingenuous that school districts are now objecting to more control over the expenditures. As school libraries move to "learning media centers," flexibility will allow education to adapt.

This bill offers a tool in the BCPL's tool box to do what is best for the next generation.

Thank you, and I'm happy to answer any questions about the bill.

Rob Hutton

STATE REPRESENTATIVE • 13TH ASSEMBLY DISTRICT

January 31, 2018

To: The Senate Committee on Government Operations, Technology and Consumer Protection
From: Rep. Rob Hutton
Re: Senate Bill 713

Testimony of Rep. Rob Hutton in Support of Senate Bill 713

Mr. Chairman and members of the committee, thank you for giving Senate Bill 713 a public hearing. Thank you Senator Stroebel for your leadership on this bill and helping to drive legislation that promotes efficiencies within government along with more money and flexibility to our school districts. The intent of AB 713 is to look at the functions of the Board of Commissioners of Public Lands (BCPL) and identify where government can, or should, intersect with the private sector. Further, this legislation addresses how we can utilize current agencies and processes that have been developed since the inception of the BCPL in 1848 to maximize funds to our local school districts.

Last session, the legislature and Governor passed and signed into law a bill that would allow the Commissioners of the BCPL to vote to give the management of the \$1 billion Common School Fund (CSF) to the State of Wisconsin Investment Board (SWIB) to manage. The earnings would continue to go to school children on a per pupil basis. However, these funds could only be invested in fixed income assets which would yield relatively the same results as the BCPL, a 3.62% annual rate of return in 2016, but would eliminate duplicative functions in state government and leave investing to the experts at SWIB. Our legislation would allow SWIB to invest these funds as they do any of their other funds such as the Wisconsin Retirement System core fund, which has an annual average rate of return of 7.85% over the past 25 years. With a \$1 billion fund that is the difference of either \$36 million or \$78 million going to our school districts each year. In fact, according to a non-partisan legislative fiscal bureau memo, SWIB would have made \$3 billion dollars on a \$1 billion fund since 1997 while the BCPL would have only made \$1.5 billion on the same fund.

The legislation also eliminates the loan program that the BCPL administers through the CSF funds. Should the BCPL vote to move all the funds to SWIB they would no longer be able to utilize this program and further it is a direct imposition on the private sector. The BCPL currently administers over 1,100 loans that our local banks and credit unions would love to take on but can't because the BCPL can offer slightly lower rates. While we all agree that our governments should be responsible with taxpayer dollars they spend, the government should not be in competition with the private sector when it can successfully fulfill its needs.

Finally, under statute these funds are directed for the express purpose of purchasing library media resources. They cannot be used to fund librarian positions or salaries only the books, computers, and programs they purchase for the school library. The legislation removes this provision and directs that these funds go into the general school fund of each school district on a per pupil basis. We believe school boards are in the best position to determine spending priorities for their local schools. Whether the additional funds go to the school library, to projects in the school, or teacher salaries, decisions like these are always better made on a district by district basis.

Thank you for the public hearing on SB 713. I am happy to answer any questions at this time.



January 31, 2018

**Testimony to the Senate Committee on Government Operations,
Technology and Consumer Protection
Senate Bill 713**

Jonathan Barry, Executive Secretary

Chairman Stroebel and members of the committee, thank you for the opportunity to testify on SB 713.

My name is Jonathan Barry, and I am the Executive Secretary of the Board of Commissioners of Public Lands (BCPL). BCPL is the State's oldest agency--having been created in the Constitution in 1848.

I am testifying for information purposes only as our board has not taken an official position on the bill. However, the old saying "the devil is in the details" seems very appropriate here as the details are important to understand how BCPL and the trust funds work.

A couple of assertions have been put forward as a reason for this bill. And I believe it is important to understand which parts of those assertions are accurate and relevant to the discussion on the proposed legislation.

1. The first assertion is that SWIB has been a good money manager for the pension fund for a long time. I agree with that assertion. As a participant in the Wisconsin Retirement System, I appreciate their track record and hope they continue that performance into the future.
2. The second assertion is that if SWIB had managed BCPL's money the way SWIB handled the pension money, the BCPL trust funds would have earned more. While hypothetically true, this is not a fair analogy as **SWIB could not legally have managed the BCPL trust funds in such a way.** As the Legislative Fiscal Bureau pointed out in their December 8, 2017, memo to the Assembly author of this bill, **SWIB would be subject to the same constitutional limitations as BCPL and therefore would not likely produce any better investment returns.**

The easiest way to explain the difference is to consider the following: Would you invest your own money differently if you knew you had to live just on the *earnings* during

your retirement and could never touch the *principal*? Of course you'd manage your money differently. And that is one of the biggest differences between the way SWIB manages the pension fund and BCPL manages the School Trust Funds. If SWIB has a down year, it reaches into principal and the retirees still get paid. If BCPL were to have a down year, there would be no money available for school library books, computers and software in most of the school districts throughout Wisconsin. 2007 and 2008 were not too long ago. Bull markets do not go on forever. BCPL's quiet, prudent investment strategy has produced a steady and over time increasing stream of trust fund earnings that schools rely upon.

3. The next assertion is that "BCPL is able to give communities a loan that the private sector can't compete with." *Can't* and *won't* have two different meanings. Many banks successfully compete with BCPL on loans every day. BCPL charges a *competitive*, but not subsidized or discounted, rate on its trust fund loans. We're trust fund managers, we're not supposed to give money away at a discounted rate. Sometimes a local bank will charge an interest rate equal to or lower than our rate, sometimes the local bank is higher. That seems to be a pretty commonsense definition of a competitive rate. If a local bank wishes to charge a rate higher than that, that's not BCPL's fault. The fact is that banks prefer to lock the interest rate on a loan for a range between 3 and 7 years. If a municipality needs a longer-term loan, that would force the municipality to put its taxpayers at risk for interest rate increases over that time period. BCPL is willing to lock the interest rate for 20 years. This protects taxpayers from interest rate increases but also protects the School Trust Funds from wild gyrations in the bond markets.
4. The next assertion is that banks pay taxes. We appreciate that bank taxes help pay for services to Wisconsin citizens. We also appreciate that banks contribute to Wisconsin's economy and communities. However, it should be pointed out that because BCPL operates without an expensive office or other overhead, we are able to return 97 cents to Wisconsin communities on every dollar of interest charged on our loans. We're proud of that efficiency and productivity. That's what government should be aiming for.

Senate Bill 713

Jonathan Barry, Executive Secretary
Board of Commissioners of Public Lands

5. Finally, there is an assertion that we currently manage 1,124 loans to local governments. We've made a few more loans since that number was published. We now have 1,225 loans outstanding with a total balance of over \$487 million. At least \$117,481,000 of those loans were primarily for economic development purposes. We've loaned more than \$1.3 billion over the last ten years to municipalities in every corner of the state. During that same period of time, we have distributed \$334.7 million dollars of library aid to school districts state wide. That's why we like to think of ourselves as the "Statewide Lender that pays Local Dividends."

As Paul Harvey used to say, "Now you know the rest of the story."

Thank you for your time and consideration.



Douglas La Follette, *Secretary of State*
Matt Adamczyk, *State Treasurer*
Brad D. Schimel, *Attorney General*

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Jonathan Barry, *Executive Secretary*

**BCPL Loan Application Request Form
Municipal General Obligation Loan**

Date _____

Municipality _____
Please include type of municipality (e.g. Town of Newbold, Village of Prairie du Sac, Bayfield County, etc.)

County _____

Municipal Mailing Address _____

Head of Municipality _____ Phone # _____

Mailing Address _____

Email _____

Municipal Clerk _____ Phone # _____

Mailing Address _____

Email _____

Finance Dir/Treasurer _____ Phone # _____

Mailing Address _____

Email _____

Financial Advisor/Firm _____ Phone # _____

Email _____

Loan Purpose _____

Loan Amount \$ _____

Loan Term _____ Years

ESTIMATED DATE THAT FUNDS WILL BE NEEDED: _____

DATES OF NEXT TWO BOARD/COUNCIL MEETINGS: _____

Clerk Signature



Legislative Fiscal Bureau

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December 8, 2017

TO: Representative Rob Hutton
Room 220 North, State Capitol

FROM: Rachel Janke and Erin Probst

SUBJECT: Hypothetical Board of Commissioners of Public Lands Returns Based on Historical Earnings of Wisconsin Retirement System

At your request, this memorandum provides information regarding hypothetical investment earnings of the funds managed by the Board of Commissioners of Public Lands (BCPL) based on historical returns for the Wisconsin Retirement System (WRS). Specifically, you requested information on the amount that could have been earned since 1990 if: (a) the amounts of BCPL assets under management were invested in the same manner as the Core Fund of the WRS; and (b) the amounts of BCPL assets under management were invested in the same manner as the Variable Fund of the WRS. In addition, information is provided regarding state constitutional requirements regarding BCPL trust fund income, BCPL staff, statutory requirements for management of investments for assets held in the trust funds managed by BCPL, and the investment policies and objectives of the WRS.

Board of Commissioners of Public Lands Trust Funds

Under Article X, Section 7 of the Wisconsin Constitution, BCPL consists of the Secretary of State, the State Treasurer, and the Attorney General. The Board was established to accept public lands granted to Wisconsin by the federal government, including approximately 3.7 million acres of trust lands, and to oversee the sales of such trust lands and the investment of the proceeds for the benefit of schools and libraries. The Constitution also gives the Board the power to withhold land from sale. Most of the school trust lands were sold, with proceeds used to establish the school trust funds. Such proceeds may be used or invested to generate income for the funds, but fund principal is constitutionally protected from further expenditure or appropriation. As of June 30, 2017, BCPL owned approximately 75,200 acres of land, including approximately 69,100 by the Normal School Fund and 6,100 by the Common School Fund.

The Common School Fund (CSF) is the largest of the trust funds, with a balance of

approximately \$1.04 billion at the close of fiscal year 2016-17. Earnings on the CSF, less fund expenses and administrative expenses, are distributed by the Department of Public Instruction to all Wisconsin school districts as public library aids (\$32.1 million in fiscal year 2016-17). The trust funds also include the Normal School Fund (NSF), which had a closing fiscal year 2016-17 balance of approximately \$28.1 million. Earnings on the NSF, less fund expenses and administrative expenses, are transferred annually to the University of Wisconsin System for: (a) need-based grants totaling \$100,000 for students who are members of underrepresented groups and who are enrolled in a program leading to a certificate or a bachelor's degree from the Nelson Institute for Environmental Studies at UW-Madison; (b) annual scholarships totaling \$100,000 for students enrolled in the sustainable management degree program through the UW-Extension; and (c) the balance of the appropriation for environmental programs at UW-Stevens Point. Earnings from the two other trust funds, the University Fund (\$234,000 balance) and Agricultural College Fund (\$305,000 balance), are distributed to the University of Wisconsin System annually. The principal balances of the University Fund and Agricultural College Fund do not change from year to year.

Currently, BCPL has 9.5 authorized base-level permanent positions, including an executive secretary (an unclassified position), whom the Board is required to appoint and who is required to appoint a deputy secretary (classified). The statutes require the Department of Administration (DOA) to provide an office for the Board, and the Board is to maintain and preserve all records, books, reports, surveys, maps, field notes, plats, and other papers pertaining to the public lands owned by the state. BCPL is required to make these records available to the public during regular business hours for inspection, free of charge. BCPL staff are located in a Madison office and a northern office located in Lake Tomahawk. Madison office staff are responsible for trust fund investment and loan management, lands records management, and support for the Board, while northern office staff are responsible for real estate and forestry management activities. Table 1 lists the 11 current full-time equivalent (FTE) BCPL staff by location, including 9.5 permanent and 1.5 FTE limited-term employee (LTE) staff.

TABLE 1

2017-18 Board of Commissioners of Public Lands Staff (FTE)

<u>Title</u>	<u>Permanent</u>	<u>LTE</u>
Northern Office		
Trust Lands Forestry (Northern Office Forest Supervisor)	1.0	0.0
Real Estate Specialist - Senior	0.5	0.5
Forester - Senior	1.0	0.0
Forester	0.0	0.5
Forestry Specialist - Information Services Specialist	<u>0.0</u>	<u>0.5</u>
Subtotal	2.5	1.5
Madison Office		
Executive Secretary	1.0	
Deputy Executive Secretary	1.0	
Accountant - Senior	1.0	
Loan Analyst	1.0	
Office Management Specialist	1.0	
Archivist	1.0	
Information Services Comprehensive Services	<u>1.0</u>	
Subtotal	7.0	
Total	9.5	1.5

Current law as enacted in 2015 Act 60 requires the Board to manage and invest moneys belonging to the trust funds in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances and in accordance with existing statutory requirements for the standard and conduct for management of an institutional fund (referred to as the Prudent Investor Standard). Prior to Act 60, the Board had been limited to specific types of fixed-income debt instrument investments such as bonds or notes of the United States, bonds issued by the state, or bonds issued by any town, village, city, county or other select districts in Wisconsin. Since the passage of 2005 Act 352, BCPL is allowed to "bank" proceeds from land sales exclusively for acquisition of land within any applicable consolidation area approved by the Board, provided total acreage managed does not exceed 77,845 acres. Additionally, the Board may delegate to the State of Wisconsin Investment Board (SWIB) the authority to invest part or all of the moneys belonging to the trust funds. If the Board delegates the authority, the statutes require that SWIB may only invest the moneys belonging to the trust funds in any fixed-income investment or fund that invests only in fixed-income instruments.

Under s. 24.61(3) of the statutes, the Board is authorized to make loans to school districts for: (a) operation and maintenance of schools; (b) construction and remodeling of school buildings; (c) purchase of land, vehicles and school equipment; (d) refunding of indebtedness; and (e) other debt authorized under the municipal borrowing statute. The Board is also authorized to make loans to local units of government (including towns, villages, cities, counties, technical college districts, local sanitary, drainage, or sewerage districts or systems, cooperative educational service agencies

and federated library systems) in Wisconsin for any debt authorized under the municipal borrowing statutes. In addition, BCPL is authorized to make certain loans for the stadium or arena construction projects of the Green Bay Packers, Milwaukee Brewers and Milwaukee Bucks. For these purposes, the BCPL State Trust Fund Loan Program includes a general obligation loan program, under which most loans are issued, and a revenue obligation loan program. General obligation loans are secured as a general obligation of the borrower and require the borrower to levy a tax sufficient to make principal and interest payments when due. In the event a borrower fails to make payment on a loan, the statutes require state aid payments to be intercepted, thus minimizing or eliminating default risk to the trust funds.

In addition to other investments, the trust funds generally maintain a cash reserve in the State Investment Fund (SIF) managed by SWIB. The SIF takes the temporary cash balances of all state funds and invests these monies in short-term investment vehicles, such as direct obligations of the federal government, certificates of deposit, and commercial paper and notes, until the funds are needed for expenditure. The SIF functions, in essence, as a money-market account, with interest earned on the total fund account credited monthly to each fund proportionate to the fund's portion of the total assets invested during the month.

Table 2 shows the annual earnings (primarily interest income from loans and bonds held by BCPL) of the Common School Fund and Normal School Fund, as well as the earnings on all trust funds from fiscal year 1990-91 through 2015-16. As shown in Table 2, the Common School Fund generated an estimated annual return ranging from approximately 3.5% (fiscal year 2012-13) to 6.8% (fiscal year 1990-91) over the period shown. Normal School Fund returns ranged from 0.4% (2002-03) to 7.4% (1990-91). Overall trust fund investment returns over the period ranged from 3.6% (2012-13) to 7% (1990-91) for an average return of 5% over the time period. While 2015 Act 60 broadened the types of investments BCPL was authorized to invest the trust funds in, the trust funds were still invested in fixed-income debt instruments and cash (in the SIF) through 2015-16.

TABLE 2

BCPL Trust Fund Earnings Fiscal Year 1996-97 through 2015-16

Fiscal Year	Common School Fund			Normal School Fund			Total Assets Under Management (AUM)			Average 7-year Treasury BCPL	
	Closing Balance	Income	Return	Closing Balance	Income	Return	AUM	Income	Return	Rate (%)	Spread
1991	\$233,309,087	\$15,045,668	6.75%	\$16,933,762	\$1,236,842	7.43%	\$240,057,988	\$16,324,387	6.96%	8.21%	-1.26%
1992	251,860,973	15,674,933	6.46	17,148,002	1,005,397	5.90	260,165,323	16,714,102	6.68	7.20	-0.52
1993	270,774,642	15,740,037	6.02	17,226,165	941,461	5.48	279,044,302	16,706,120	6.20	6.01	0.19
1994	285,765,440	15,413,711	5.54	17,399,160	897,784	5.19	296,122,115	16,334,621	5.68	5.84	-0.16
1995	308,181,987	14,730,052	4.96	17,528,510	988,366	5.66	314,976,960	15,761,208	5.16	7.20	-2.04
1996	326,705,160	17,866,703	5.63	17,725,724	980,013	5.56	335,610,102	18,876,956	5.80	6.13	-0.33
1997	354,524,949	18,331,753	5.38	17,918,399	960,723	5.39	358,976,527	19,321,878	5.56	6.52	-0.95
1998	378,932,295	20,127,688	5.49	18,210,781	970,185	5.37	385,332,623	21,126,529	5.68	5.86	-0.18
1999	407,541,407	21,406,533	5.44	18,394,406	966,184	5.28	412,078,856	22,401,050	5.62	5.15	0.47
2000	427,049,581	22,026,323	5.28	18,737,664	999,953	5.39	436,400,941	23,055,426	5.43	6.36	-0.93
2001	448,165,026	22,508,314	5.14	19,020,587	1,089,680	5.77	457,025,840	23,629,335	5.29	5.47	-0.18
2002	477,056,706	17,985,917	3.89	19,276,574	417,560	2.18	482,298,858	18,416,846	3.92	4.77	-0.85
2003	517,411,440	21,407,539	4.31	19,421,281	77,800	0.40	517,122,412	21,493,318	4.30	3.52	0.78
2004	558,984,296	21,145,540	3.93	19,800,770	663,769	3.38	558,348,305	21,814,821	4.06	3.80	0.26
2005	596,413,606	23,813,771	4.12	20,474,454	970,236	4.82	598,375,974	24,795,106	4.29	3.96	0.32
2006	635,752,076	30,185,966	4.90	19,737,167	1,220,541	6.07	636,728,063	31,428,904	5.09	4.53	0.56
2007	703,811,345	33,960,835	5.07	21,390,394	1,185,546	5.77	690,884,902	35,174,787	5.30	4.72	0.58
2008	739,020,466	35,031,928	4.86	22,721,014	1,224,763	5.55	744,011,021	36,277,964	5.06	3.80	1.25
2009	776,375,764	32,259,451	4.26	22,730,115	1,120,661	4.93	780,963,091	33,387,114	4.38	2.80	1.57
2010	809,968,913	34,352,444	4.33	24,425,529	1,077,439	4.57	817,289,571	35,444,869	4.44	3.05	1.38
2011	835,648,747	35,577,630	4.32	24,441,193	1,124,229	4.60	847,781,602	36,718,511	4.41	2.44	1.97
2012	880,619,935	37,271,271	4.34	26,062,488	1,390,457	5.51	883,925,593	38,682,510	4.47	1.49	2.98
2013	900,630,230	31,523,538	3.54	26,392,666	791,266	3.02	917,392,072	32,336,190	3.59	1.23	2.36
2014	968,814,002	34,127,803	3.65	26,285,844	1,027,958	3.90	961,600,783	35,174,627	3.74	2.16	1.58
2015	983,176,301	38,181,320	3.91	27,242,143	1,045,938	3.91	1,003,298,556	39,248,710	3.99	1.96	2.04
2016	1,018,663,643	38,469,872	3.84	28,902,753	1,029,564	3.67	1,029,531,831	39,520,899	3.89	1.76	2.13

Note: Normal School Fund balance decreases in 2005-06 and 2013-14 are the result of land purchases.

Assets under management shown in Table 2 are calculated as the average of the fiscal year beginning and ending balances for the four trust funds managed by BCPL as reported in the BCPL Biennial Report. The rates of return were calculated by dividing the annual gross earnings (shown as "income" in the table) by the average of the beginning and ending balance of the funds under management during the fiscal year. The balances of the funds do not include the current value of land holdings. Investment income shown in the table does not include accrued income, capital gains on the sale of land assets, or changes in asset values during each fiscal year. For example, BCPL staff note that over \$23 million in unrealized gains in the BCPL-managed bond portfolio at the end of fiscal year 2015-16 are not shown in the table. Also, BCPL staff note that the cash return on assets cannot be compared to the "total return" category used by many asset managers. A calculation of total return would require an estimate of unrealized capital gains on the trust fund loan portfolio, which is not available and cannot be calculated because trust fund loans have never been sold or appraised.

The cash returns shown in the table reflect asset allocation and market conditions. According to BCPL staff, a reasonable market comparison is the average 7-year U.S. Treasury rate, as Treasuries are typically considered free of default risk, and the 7-year Treasury approximates the average maturities of BCPL loans and investments. The 7-year Treasury rate could therefore be a proxy for what returns BCPL might expect from other investments that align with the Board's historical objectives of preserving fund principal while generating stable income. The BCPL spread column shows that BCPL has achieved cash returns that were significantly higher than the 7-year Treasury rate (market rate) in recent years. Asset manager performance is often measured by comparing portfolio returns to the returns generated by a benchmark portfolio of investments with similar characteristics to the investments available to the manager.

Revised BCPL Investment Policies and Objectives

In response to 2015 Act 60, the Board adopted a revised investment policy in November, 2016. The investment policy statement states that "prior statutes provided a de facto investment policy for the BCPL, and the removal of these constraints [by 2015 Act 60] allows the transition of BCPL asset management into industry best practices starting with the creation of this Policy." As noted in the policy statement, "The mission of the BCPL is to manage the assets of the School Trust Funds in a manner that maintains significant, stable, and sustainable distributions to fund beneficiaries, and to manage all assets and programs entrusted to the Board in a prudent and professional manner, in accordance with the Wisconsin Constitution and applicable state law." BCPL staff worked with staff at the University of Wisconsin-Madison School of Business to develop the revised policy, especially the target asset allocations for the Common School Fund and the Normal School Fund. For the Common School Fund, the revised investment policy includes a transition from a fixed-income portfolio to a more diversified asset portfolio, which includes public equities, real estate, and venture capital investments.

Common School Fund. As noted in the policy statement, the constitutional requirement that all Common School Fund and other trust fund income be distributed to beneficiaries distinguishes these trust funds from other types of endowments, which may distribute from the principal of the fund if necessary. The policy also notes that the Common School Fund beneficiaries depend on the annual distribution of earnings to fund their entire budget for the purchase of school library materials. The policy states, "This dependence significantly reduces the amount of acceptable risk at the outset of this policy and prior to the funding of a smoothing account to supplement distributions during years when income does not meet the targeted annual distribution." [The policy statement outlines the establishment of a segregated smoothing account, in which a portion of fund earnings above a targeted annual distribution level would be deposited annually to supplement the customary distribution of earnings during years when income does not meet the targeted annual distribution.] However, the policy recognizes an objective to generate capital gains that would grow fund principal at least equal to the rate of inflation to preserve the value of distributions to beneficiaries. Table 3 shows the asset allocation as of June 30, 2017, and the target asset allocation for the Common School Fund under the policy.

TABLE 3**Common School Fund Asset Allocation as of June 30, 2017, and Target Allocation**

	<u>Current Asset Allocation % of Total</u>	<u>Target Asset Allocation</u>	<u>Range</u>
Fixed Income and Cash			
State & Municipal Bonds	32.4%	25%	10 to 50%
Farm Credit (Agency) Bonds	17.3	10	5 to 25
BCPL Trust Fund Loans	40.3	40	25 to 60
Investment-Grade Corporate Bonds	0.0	0	0 to 40
Cash	10.0	2	0 to 10
Public Equities	0.0	15	12.5 to 17.5
Real Estate	0.0	5	0 to 15
Venture Capital	<u>0.0</u>	<u>3</u>	0 to 5
Total	100.0%	100%	

Normal School Fund. While the Normal School Fund beneficiary is the University of Wisconsin System and earnings represent a small portion of the total UW System budget, the earnings provide a significant source of funding for statutorily specified scholarships and programs. The Normal School Fund retains significant acreage (69,100 acres) and is responsible for the cost of management of those acres. The policy statement notes that timber sales have contributed to growth in the principal of the fund at a rate higher than the rate of inflation in recent years and that it is important for the portfolio to generate capital gains at or above the rate of inflation to maintain the current level of benefits for future generations. These factors were considered in the creation of the Normal School Fund asset allocation target, shown in Table 4.

TABLE 4**Normal School Fund Asset Allocation as of June 30, 2017, and Target Allocation**

	<u>Current Asset Allocation % of Total</u>	<u>Target Asset Allocation</u>	<u>Range</u>
Fixed Income and Cash			
State & Municipal Bonds	34.9%	45%	25 to 60%
Farm Credit (Agency) Bonds	0.0	10	5 to 25
BCPL Trust Fund Loans	53.9	45	25 to 60
Investment-Grade Corporate Bonds	0.0	0	0 to 40
Cash	<u>11.2</u>	<u>0</u>	0 to 10
Total	100.0%	100%	

WRS Investment Policies and Objectives

The State of Wisconsin Investment Board (SWIB) is responsible for the management and investment of the assets of the WRS. Statute outlines the fiduciary duty of SWIB in its role as investment manager for these funds. The Board of Trustees for the agency establishes investment policy for the WRS in accordance with a comprehensive and ongoing evaluation of the appropriate risk and return standards for the WRS. Assets are divided into two pooled funds that consist of retirement contributions made by and on behalf of participants in the WRS: (a) Core Retirement Investment Trust ("Core Fund"), in which all participants are invested by default unless a participant has elected to allocate 50% of total monthly contributions to the Variable Fund; and (b) Variable Retirement Investment Trust ("Variable Fund"), which is intended to permit participants to increase their ultimate retirement benefit through greater exposure to the public equity stock market. The Core Fund is diversified across a variety of different asset classes (global equities, fixed income, inflation protection, real estate, private equity and debt, multi-asset, and cash), while the Variable Fund is an equity portfolio with benchmark allocations to domestic equities (70%) and international equities (30%).

The overall objectives of SWIB in managing WRS assets are: (a) maximizing long-term investment returns with a prudent level of risk to ensure that sufficient funds are available to meet pension fund obligations; (b) seeking aggregate returns in excess of the Core Fund and Variable Fund benchmarks over all cumulative time periods with a prudent level of risk; and (c) complying with all applicable fiduciary and legal standards. When the SWIB Trustees review the strategic asset allocation plan for the WRS every other year, the following are considered: long-term market dynamics; actuarial analysis; soundness of investment return and risk expectations; and the asset allocation policies of peer institutions.

In addition, long-term projections are developed by the WRS consulting actuary and are approved by the Employee Trust Funds Board for the purposes of setting annual contribution rates and valuing the retirement system's unfunded liabilities. To the extent that these long-term economic assumptions are met, employee and employer participants may benefit from stable contribution rates from year to year.

Finally, it should be noted that statute requires SWIB to "diversify investments in order to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so." The primary investment risk to the WRS that SWIB seeks to manage is drawdowns to the Core Fund and Variable Fund in amounts that could cause a reduction in participant dividends, create volatility in contributions for employers and employees, or cause the WRS to be less than fully funded. Accordingly, the agency's strategic asset allocation reflects principles of risk management recognizing that: (a) market risks must be taken to ensure sufficient asset growth to meet SWIB's financial obligations; and (b) excessive risks that lead to large drawdowns can have a significant negative impact on the system's funded status and future contribution rates.

Hypothetical Earnings

Table 5 provides information on investment earnings, shown in millions of dollars, based on the following assumptions: (a) actual gross rates of return for the Core Fund and Variable Fund

from calendar years 1991 to 2016 as reported by SWIB; and (b) actual BCPL assets under management from 1990-91 through 2015-16 calculated as an average of the fiscal year beginning and ending balances for the four trust funds managed by BCPL as reported in the agency's biennial report. Based on these assumptions, calculated earnings based on Core Fund gross rates of return total \$1.25 billion, while calculated earnings based on Variable Fund gross rates of return total \$1.47 billion. In comparison, actual earnings for the trust funds totaled \$689.5 million. It should be noted that these hypothetical earnings do not represent income (or losses) that could have been generated by BCPL trust fund investments in the years indicated. For the duration of this time period, BCPL was subject to fixed-income statutory investment limitations and, therefore, assets could not have been invested in a manner similar to the investments of the WRS. As such, the amounts in Table 5 do not represent amounts that could have been generated, but rather hypothetical amounts given a specific scenario.

TABLE 5

**Hypothetical BCPL Investment Earnings Based on WRS Performance, 1991 to 2016
(\$ in Millions)**

Fiscal Year	BCPL Historical Earnings ¹		Core Fund Scenario ²		Variable Fund Scenario ³	
	BCPL Actual Assets	BCPL Actual Earnings	Hypothetical Return (%)	Hypothetical Earnings ⁴	Hypothetical Return (%)	Hypothetical Earnings ⁴
1991	\$240.1	\$16.3	20.5%	\$49.1	27.1%	\$65.0
1992	260.2	16.7	9.7	25.2	10.7	27.9
1993	279.0	16.7	15.0	41.9	16.5	46.2
1994	296.1	16.3	-0.6	-1.9	0.8	2.3
1995	315.0	15.8	23.1	72.8	25.6	80.7
1996	335.6	18.9	14.4	48.4	19.8	66.5
1997	359.0	19.3	17.2	61.6	21.6	77.7
1998	385.3	21.1	14.6	56.3	17.5	67.4
1999	412.1	22.4	15.7	64.7	27.8	114.5
2000	436.4	23.1	-0.8	-3.3	-7.2	-31.2
2001	457.0	23.6	-2.3	-10.5	-8.3	-37.9
2002	482.3	19.7	-8.8	-42.3	-21.9	-105.7
2003	517.1	19.5	24.2	125.0	32.7	169.2
2004	558.3	21.8	12.8	71.2	12.7	71.0
2005	598.4	24.8	8.6	51.3	8.3	49.4
2006	636.7	31.4	15.8	100.3	17.6	112.2
2007	690.9	35.2	8.7	60.1	5.6	38.5
2008	744.0	36.3	-26.2	-194.8	-39.0	-290.4
2009	781.0	33.4	22.4	174.6	33.7	263.3
2010	817.3	35.4	12.4	101.1	15.6	127.2
2011	847.8	36.7	1.5	12.3	-3.0	-25.3
2012	883.9	38.7	13.7	121.3	17.0	149.9
2013	917.4	32.3	13.6	124.6	29.0	265.6
2014	961.6	35.2	5.7	55.2	7.3	70.1
2015	1,003.3	39.2	-0.4	-3.9	-1.2	-12.1
2016	1,029.5	39.5	8.6	88.9	10.6	109.5
Total		\$689.5		\$1,249.1		\$1,471.6

¹ Figures for BCPL assets under management reflect an average of the fiscal year beginning and ending balances for the four trust funds managed by BCPL as reported in the BCPL Biennial Report. Earnings shown are gross returns and correspond to the fiscal year indicated.

² Hypothetical returns shown are the gross average rate of return for the Core Fund of the WRS for calendar years 1991 to 2016.

³ Hypothetical returns shown are the gross average rate of return for the Variable Fund of the WRS for calendar years 1991 to 2016.

⁴ Earnings shown are hypothetical and do not represent income (or losses) that could have been generated by BCPL trust fund investments in the years indicated. For the period shown in the table, BCPL was subject to statutory limitations such that assets could not have been invested in a manner similar to the investments of the WRS.

Conclusion

As noted previously, under current law, if the Board were to delegate investment of the trust funds to SWIB, those investments would be limited to fixed-income instruments, as BCPL was limited prior to 2015 Act 60. As a result, under current law, a similar rate of return on investment of between 4% and 5% annually would be expected under SWIB as BCPL had generated in the past. Assuming legislation were enacted to authorize SWIB to invest the trust funds in a manner similar to the way SWIB manages the WRS, a greater rate of return is theoretically possible in future years. However, SWIB would be required to manage the trust funds prudently, and be subject to the same constitutional and statutory constraints as the BCPL in not appropriating the principal of the funds. Further, the WRS and the BCPL trust funds have disparate goals and risk profiles, making a comparison difficult. Under the constraints of the trust funds, it would be reasonable to assume that SWIB would not take on significantly more risk than BCPL, if any, in investment of the funds. Given that the revised BCPL investment policy incorporates a variety of diversified assets with potentially greater returns and somewhat greater risk, the returns could be similar to the returns SWIB would be able to achieve under the same prudent financial standard and the constraints of managing these particular trust funds.

Since the passage of 2015 Act 60, BCPL staff note that the Board has utilized the prudent investor authority by investing in debt obligations to construct the Milwaukee Bucks arena (at a 6.25% interest rate) and by purchasing bonds issued by the Federal Home Loan Bank. However, it should be noted that to achieve rates closer to what SWIB was able to achieve for the WRS might require a different asset allocation than BCPL's target allocation. For example, it could require maintaining a smaller percentage in the trust fund loan program, which provides loans to local units of government. Further, fund expenses could vary depending on the types of investments and associated fees. Finally, given the large hypothetical losses shown in Table 5 in some years, a substantial accumulation of funding in the BCPL smoothing account would be necessary before adopting a more aggressive risk profile. For example, a hypothetical loss of \$195 million to \$290 million in 2007-08 would have been equal to approximately five to eight years of earnings from low-risk investments at that time (about \$35 million).

We hope this information is of assistance.

RJ/ER/sas

Dear Chair Senator Stroebel, Vice Chair Senator Craig and Committee Members of the Government Operations, Technology and Consumer Protection,

Thank you for your time today. My name is Shannon Furman. I am a public school librarian, teacher, mom, and concerned citizen.

I urge you to oppose Senate Bill 713, relating to the Board of Commissioners of Public Lands. This bill would harm public school libraries as it would eliminate the requirement that districts would have to use the the Common School Fund (CSF) for their public school libraries. Little by little, or maybe all at once, funds would be diverted to other priorities and the quality of school libraries would decline or school libraries might disappear all together. I urge you not to let that happen.

I work at an elementary school in the Madison Metropolitan School District which has a terrifically diverse student population and about 78% of that student population is economically disadvantaged. These families are struggling to make ends meet, and sometimes the only books in their homes might come from our school library. The only way that some students get to access ebooks or educational databases is through our school library portal - where we give access to many online resources. The resources we provide reflect the diversity of the world, and we strive to cull a collection that is always growing and changing. From extending curriculum topics with wonderful books, to helping students dive deeply into a topic they are passionate about, to putting the just-right novel into the hands of a once-reluctant, now eager reader, my library is the heart of my school. This is possible because of the Common School Funds. The CSF is the sole source of library funding in my school.

Though I now work and live in an urban area with pretty good access to public libraries throughout the city, I grew up in a rural school district in Wisconsin. My small town did not (and still doesn't) have a public library. I know there are many other small rural towns around the state in similar circumstances. The Common School Funds provides for school libraries, and these school library spaces might be the only library spaces many rural students access. These students deserve to have access to all their information needs within their schools. They deserve to keep the protections on the Common School Funds so that their library spaces thrive.

Getting ready to come here today, I struggled to explain to my son, who is 8 and in second grade, why lawmakers might want to take away some funding for school libraries. I wanted to be able to say that lawmakers wanted to help keep our Wisconsin school libraries great. Our system of funding school libraries is one of the most solid in the county. I believe it reflects our



WISCONSIN TOWNS
ASSOCIATION
Empowering Town Officials

WTA Testimony Opposing SB713 – BCPL State Trust Fund Elimination

Senator Stroebel, members of the Committee, thank you very much for the opportunity to testify today. I am Mike Koles, the Executive Director of the Wisconsin Towns Association and the towns are opposed to SB713. This bill eliminates the State Trust Fund Loan Program, a program that is an unqualified success story for transportation infrastructure, public safety, economic development and the citizens and taxpayers of Wisconsin.

Over the course of the last 10 years, 607 loans to towns have leveraged \$138 million to purchase fire trucks, invest in life saving first responder equipment, buy ambulances, replace deficient bridges, maintain and build roads and other infrastructure, buy snowplows and dump trucks that help keep the roads clear in the winter, and invest in economic development programs.

Over the same 10 year period, in the 20th Senate District (Senator Stroebel), there have been 76 loans totaling \$99 million. The loans have saved taxpayers money by refinancing high interest rate liabilities; renovated the Ozaukee County Courthouse; and, saved taxpayers money by investing in energy conservation projects. In the Village of Saukville, they purchased a much needed dump truck and upgrade of their HVAC system.

In the 3rd Senate District (Senator Carpenter), 16 loans for \$36.9 million have funded broadband projects and refinanced high rate WRS liabilities.

In the 22nd (Senator Wirch), 11 loans for \$65.6 million have funded energy efficiency projects and refinanced debt.

In the 28th (Senator Craig), there have been 21 loans for \$60.3 million. The loans have saved taxpayers money by refinancing debt; funded energy efficiency projects; and, paid for installation of high speed broadband.

In the 33rd (Senator Kapenga), there have been 29 loans for \$55.3 million. The loans have saved taxpayers money by refinancing bonds; funded road projects; and, constructed a salt shed.

Although you will hear from several town officials today, most town officers are occupied by work or town duties during the day and are unable to attend. Dozens that were unable to be here emailed me voicing their opposition to this bill.

For example, Cindi Kingsbury, a US Navy Veteran, Registered Nurse, and Town of Lemonweir Supervisor wrote: "Why do people always want to fix something that is not broken? While I cannot attend because I will be in surgery, I will send a letter opposing this bill."

Barb Traun, a 39 year veteran of town government in the Town of Maxville, wrote: "We just borrowed \$45,000 for a road improvement project. It takes us 3+ years to save up for just one road project and then we STILL have to borrow to complete!!!!!! The BCPL State Trust Fund is sooooo important to local government."

Cindy Skinner, Town of Pine Lake, wrote: "As a smaller northern municipality we have used the BCPL for loans to build our town shop in 2009 and again in 2016 to purchase a brand new Pierce fire truck for our volunteer fire department. I would be lost without their help in completing the process which is so simple and with no stress."

Connie Zimmerman, Clerk for the Town of Fulton, wrote: "Towns have limited personnel. As you are aware, I am a one person office, being the Clerk/Treasurer. Many tasks fall on my shoulders. I'm certain that other towns in Wisconsin are the same way. Why am I telling you this? Because we use the loan program. If this program is eliminated, we do not have the personnel to seek out, research, and administer other funding/financing sources. Towns need an easy application process, along with the lack of fees and allowance for prepayment, so that we can be fiscally responsible to our taxpayers."

Connie's comment is a critical one – "If this program is eliminated, we do not have the personnel to seek out, research, and administer other funding/financing sources."

Connie says this because the BCPL loan application is one page. It is simple. It is efficient and, it is clearly adequate because there has never been a loan default in the history of the program. For the towns with one part time staff person that makes a few thousand dollars a year, absence of the State Trust Fund Loan program will simply result in fewer projects that benefit the public and private sectors.

Here's what that means for Wisconsin citizens: roads and bridges that are in greater disrepair than even now; older fire trucks and ambulances, which not only impacts safety but also means

Wisconsin manufacturers make less; it also means shoddy snowplows, and it means less economic development opportunities in towns.

Now, for those towns that have the necessary staffing and still choose to pursue bank or bond financing, the costs will almost assuredly be more. First of all, bank financing and bonding is not a one page, couple of hour application process. I think we all know what has happened as a result of Dodd-Frank. Traditional financing will require taxpayers to waste money paying staff to fill out a plethora of unnecessary paperwork. Second, State Trust Fund Loans carry no fees and no prepayment penalties. This also saves taxpayers money. When it comes to interest rates, banks are often competitive for short term loans; however, when it comes to long term loans that are often required for public infrastructure, banks are frequently requiring an adjustable rate. This means that taxpayers bear the interest rate risk. In today's interest rate environment, that will mean taxpayers will pay more.

If this bill is successful, this means that Wisconsin taxpayers will pay more to get less infrastructure, less economic development, and be less safe.

Proponents of this bill have argued that eliminating the loan program and investing money in the market via SWIB using a WRS type of strategy will produce a better return. The Legislative Fiscal Bureau, however, has found that this is not the case. On page 11 of a December 8th memo to Representative Hutton, LFB states: "Under the constraints of the trust funds, it would be reasonable to assume that SWIB would not take on significantly more risk than BCPL...the returns could be similar to the returns SWIB would be able to achieve under the same prudent financial standard and the constraints of managing these particular funds." In layman's terms this means, that because of constitutional and statutory boundaries, SWIB would, again according to LFB, likely do no better than BCPL.

In fact, it is quite possible that the return on investment could shrink under SWIB due to the significantly enhanced management costs. There would be a 500% increase in management costs under SWIB than with BCPL.

Honorable Senators, this bill will produce less infrastructure, older fire trucks and ambulances, and less economic development. This bill will produce higher costs for taxpayers. And, this bill will not produce a greater return on investment. If you pass this bill, you are asking for taxpayers to pay more for less. That is not a winning strategy for Wisconsin.



Managing Wisconsin's trust assets for public education

Douglas La Follette, *Secretary of State*

Matt Adamczyk, *State Treasurer*

Brad D. Schimel, *Attorney General*

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608 267-2787 FAX
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Jonathan Barry, *Executive Secretary*

BCPL Loan Application Request Form Municipal General Obligation Loan

Date _____

Municipality _____
Please include type of municipality (e.g. Town of Newbold, Village of Prairie du Sac, Bayfield County, etc.)

County _____

Municipal Mailing Address _____

Head of Municipality _____ Phone # _____

Mailing Address _____

Email _____

Municipal Clerk _____ Phone # _____

Mailing Address _____

Email _____

Finance Dir/Treasurer _____ Phone # _____

Mailing Address _____

Email _____

Financial Advisor/Firm _____ Phone # _____

Email _____

Loan Purpose _____

Loan Amount \$ _____

Loan Term _____ Years

ESTIMATED DATE THAT FUNDS WILL BE NEEDED: _____

DATES OF NEXT TWO BOARD/COUNCIL MEETINGS: _____

Clerk Signature

Conclusion

As noted previously, under current law, if the Board were to delegate investment of the trust funds to SWIB, those investments would be limited to fixed-income instruments, as BCPL was limited prior to 2015 Act 60. As a result, under current law, a similar rate of return on investment of between 4% and 5% annually would be expected under SWIB as BCPL had generated in the past. Assuming legislation were enacted to authorize SWIB to invest the trust funds in a manner similar to the way SWIB manages the WRS, a greater rate of return is theoretically possible in future years. However, SWIB would be required to manage the trust funds prudently, and be subject to the same constitutional and statutory constraints as the BCPL in not appropriating the principal of the funds. Further, the WRS and the BCPL trust funds have disparate goals and risk profiles, making a comparison difficult. Under the constraints of the trust funds, it would be reasonable to assume that SWIB would not take on significantly more risk than BCPL, if any, in investment of the funds. Given that the revised BCPL investment policy incorporates a variety of diversified assets with potentially greater returns and somewhat greater risk, the returns could be similar to the returns SWIB would be able to achieve under the same prudent financial standard and the constraints of managing these particular trust funds.

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We hope this information is of assistance.

RJ/ER/sas

**Hypothetical Fund Earnings Based on WRS and BCPL
Gross Rates of Return, 1997 to 2016**

Investment Year	Calendar or Fiscal Year*	Core Fund (WRS)		Variable Fund (WRS)		BCPL Trust Funds	
		Average Annual Return (%)	Hypothetical Fund Balance (Millions)	Average Annual Return (%)	Hypothetical Fund Balance (Millions)	Annual Return (%)	Hypothetical Fund Balance (Millions)
0			\$1,000.0		\$1,000.0		\$1,000.0
1	1997	17.2%	1,171.6	21.6%	1,216.5	5.6%	1,055.6
2	1998	14.6	1,342.9	17.5	1,429.3	5.7	1,115.6
3	1999	15.7	1,553.6	27.8	1,826.6	5.6	1,178.2
4	2000	-0.8	1,541.9	-7.2	1,695.8	5.4	1,242.3
5	2001	-2.3	1,506.4	-8.3	1,555.2	5.3	1,308.0
6	2002	-8.8	1,374.4	-21.9	1,214.5	4.2	1,362.9
7	2003	24.2	1,706.7	32.7	1,611.8	3.9	1,416.1
8	2004	12.8	1,924.3	12.7	1,816.7	4.1	1,473.5
9	2005	8.6	2,089.4	8.3	1,966.8	4.3	1,536.7
10	2006	15.8	2,418.6	17.6	2,313.5	5.1	1,614.9
11	2007	8.7	2,629.0	5.6	2,442.4	5.3	1,700.5
12	2008	-26.2	1,940.5	-39.0	1,489.0	5.1	1,786.4
13	2009	22.4	2,374.3	33.7	1,990.9	4.4	1,864.7
14	2010	12.4	2,668.0	15.6	2,300.9	4.4	1,947.4
15	2011	1.5	2,706.7	-3.0	2,232.3	4.4	2,033.3
16	2012	13.7	3,078.1	17.0	2,610.8	4.5	2,124.1
17	2013	13.6	3,496.2	29.0	3,366.8	3.6	2,200.4
18	2014	5.7	3,696.8	7.3	3,612.2	3.7	2,282.7
19	2015	-0.4	3,682.6	-1.2	3,568.7	4.0	2,373.9
20	2016	8.6	4,000.6	10.6	3,948.4	3.9	2,466.3
Earnings (1997 - 2016)**			\$3,000.6		\$2,948.4		\$1,466.3

*For WRS rates of return, the year shown is the calendar year. For BCPL rates of return, the year shown is the fiscal year.

**Earnings shown are based on gross rates of return. Hypothetical fund expenses and administrative costs are unknown.

RJ/ER/lb

TABLE 3
General and Categorical School Aid by Funding Source
2014-15 Base Year Compared to Act 55

Agency	Type and Purpose of Aid	2014-15 Base Year	Act 55		2015-17 Change over 2014-15 Doubled	
			2015-16	2016-17	Amount	Percent
	General Aid					
DPI	General School Aids	\$4,475,960,500	\$4,475,960,500	\$4,584,098,000	\$108,137,500	1.2%
	High Poverty Aid	16,830,000	16,830,000	16,830,000	0	0.0
	Total General Aid	\$4,492,790,500	\$4,492,790,500	\$4,600,928,000	\$108,137,500	1.2
	Categorical Aid--GPR Funded					
DPI	Special Education	\$368,939,100	\$368,939,100	\$368,939,100	\$0	0.0%
	High-Cost Special Education Aid	3,500,000	3,500,000	8,500,000	5,000,000	71.4
	Supplemental Special Education Aid	1,750,000	1,750,000	1,750,000	0	0.0
	Spec. Ed. Transitions Incentive Grants	0	0	100,000	100,000	N.A.
	Per Pupil Aid	126,975,000	126,842,300*	211,248,200	84,140,500	33.1
	SAGE***	109,184,500	109,184,500	109,184,500	0	0.0
	SAGE -- Debt Service	133,700	133,700	133,700	0	0.0
	Pupil Transportation	23,703,600	23,954,000	23,954,000	500,800	1.1
	High Cost Transportation	5,000,000	7,500,000	7,500,000	5,000,000	50.0
	Sparsity Aid	13,453,300	17,674,000	17,674,000	8,441,400	31.4
	Bilingual-Bicultural Education	8,589,800	8,589,800	8,589,800	0	0.0
	Tuition Payments	8,242,900	8,242,900	8,242,900	0	0.0
	Head Start Supplement	6,264,100	6,264,100	6,264,100	0	0.0
	Educator Effectiveness Grants	5,746,000	5,746,000	5,746,000	0	0.0
	School Lunch	4,218,100	4,218,100	4,218,100	0	0.0
	County Children with Disabilities Educ. Boards	4,067,300	4,067,300	4,067,300	0	0.0
	Career and Technical Education Grants**	3,000,000	0	0	-6,000,000	-100.0
	School Breakfast	2,510,500	2,510,500	2,510,500	0	0.0
	Peer Review and Mentoring	1,606,700	1,606,700	1,606,700	0	0.0
	Four-Year-Old Kindergarten Grants	1,350,000	1,350,000	1,350,000	0	0.0
	School Day Milk	617,100	617,100	617,100	0	0.0
	Aid for Transportation--Open Enrollment	434,200	434,200	434,200	0	0.0
	Cooperative Educational Service Agencies	260,600	0	0	-521,200	-100.0
	Gifted and Talented	237,200	237,200	237,200	0	0.0
	Supplemental Aid	100,000	100,000	100,000	0	0.0
	Aid for Transportation--Youth Options	17,400	17,400	17,400	0	0.0
DOA	Debt Service -- Tech. Infrastructure Bonding	2,052,300	1,458,400	1,085,900	-1,560,300	-38.0
	Total Categorical Aid--GPR Funded	\$701,953,400	\$704,937,300	\$794,070,700	\$95,101,200	6.8%
	Categorical Aid--PR Funded					
DPI	AODA	\$1,284,700	\$1,284,700	\$1,284,700	\$0	0.0%
	Tribal Language Revitalization Grants	222,800	222,800	222,800	0	0.0
	Total Categorical Aid--PR Funded	\$1,507,500	\$1,507,500	\$1,507,500	\$0	0.0%
	Categorical Aid--SEG Funded					
DPI	School Library Aids	\$34,000,000	\$36,000,000	\$38,000,000	\$6,000,000	8.8%
DOA	Educational Telecommunications Access Support	11,105,100	9,105,100	10,105,100	-3,000,000	-13.5%
UW	Environmental Education--Forestry	200,000	200,000	0	-200,000	-50.0
	Environ. Educ. -- Environmental Assessments	130,500	0	0	-261,000	-100.0
	Total Categorical Aid--SEG Funded	\$45,435,600	\$45,305,100	\$48,105,100	\$2,539,000	2.8%
	Total Categorical Aid--All Funds	\$748,896,500	\$751,749,900	\$843,683,300	\$97,640,200	6.5%
	Total School Aid--All Funds	\$5,241,687,000	\$5,244,540,400	\$5,444,611,300	\$205,777,700	2.0%

*Per pupil aid for 2015-16 enrollments would be paid on a one-time delayed basis in July of 2016.

**Funding for this purpose may be available to school districts from the Department of Workforce Development.

***Renamed the Achievement Gap Reduction (AGR) program under 2015 Act 53.

TO: Senator Stroebel, Chair, Senate Committee on Government Operations, Technology and Consumer Protection and Committee Members

From: Laura J Marusinec

Delafield, WI 53018

Date: January 31, 2018

Re: Senate Bill 713

Dear Senator Stroebel and Committee Members:

Thank you for the opportunity to testify before you today. My name is Laura Marusinec and I am a library media specialist. I am here today to ask you to please oppose Senate Bill 713.

This bill eliminates the requirement that schools spend Common School Fund disbursements on instructional materials, library books, computers and web based software. I have been a school library media specialist for 37 years and have seen firsthand how a library media center with a well-balanced and up-to-date collection of books, media and online web resources can enhance instruction at all levels from Kindergarten to 12th grade.

Your memories of your school library may be of bookshelves full of old books and having to be quiet all the time. These days school libraries have evolved from being a totally print-based collection in a physical space to having a library media center in school and also a virtual online library providing students and staff access to digital resources 24/7. As our world continues to explode with information, library media specialists use the Common School Funds to find the best resources for their students and staff and actively teach them how to use these sources of information in their learning and teaching.

Besides print materials, Common School Funds are spent on software applications such as online encyclopedias, subject specific research resources, ebooks, online magazines, and audiobooks that students can access on their devices whether it be a school issued laptop, Smartphone, or tablet. Having these web-based resources available 24/7, enables students to work on their schoolwork outside of their school day. These well vetted, reliable and trustworthy software programs have yearly subscription fees and the CSF monies allow schools to purchase these programs as part of the library media centers' Virtual Library. Virtual Libraries are at every level whether it has the PebbleGo digital database on hundreds of curriculum-based nonfiction topics for Kindergarteners -3rd graders to American History Online database or the Issues and Controversies digital database for high school students.

Many school districts in Wisconsin have a significant portion of students who are economically disadvantaged but school libraries do not discriminate between the Haves and the Have Nots because a school library with a variety of resources both print and online that are available to ALL students ensures equal access for ALL. Common School Funds make it possible to provide Wisconsin school libraries a well-balanced and current collection for All students.

When I worked in Hartford, I met regularly with my IT Director to allocate a portion of the CSF monies to purchase desktops, laptops and other computer hardware. As a 1:1 computer district, we always made sure that there were enough spare/extra laptops that students could check out from the school library if their computer was getting fixed or left at home or if teachers needed more laptops in their classroom. CSF also purchased computers for the computer labs located in the library media centers.

In all my years of being a school library media specialist, purchasing books, media, and online resources is a very serious business to me. I work very hard to purchase the resources that will best benefit my students and staff. Wisconsin is very fortunate that the Common School Fund was established by the original Wisconsin State Constitution to provide aide to public school libraries. While this legislation may not change the name of the Fund, it clearly ends the constitutional intent of the fund to provide dedicated school library funding to Wisconsin's schools.

The CSF disbursement is the ONLY funding I receive when ordering books, newspapers, magazines, web-based resources and computer hardware and software. This bill would remove the requirement that the Common School Fund be used for libraries, thus eliminating the only dedicated source of school library funding in Wisconsin.

CSF disbursements go directly to the school library media centers therefore ensuring that whatever is purchased for the library will go directly into the student's hands. If you expand who and how this money can be used in a school district, it could be spent on roofing, HVAC, asphaltting the parking lot, etc. School Library Media Specialists work long and hard to promote reading and technology literacies and if we have to spend additional energies to fight for funds, our students and staff will lose out. Eliminating the requirement that Common School Fund dollars be spent on library programs is not beneficial for school libraries or, more importantly, students.

Common School Fund stakeholders do not support these changes. Please do not go forward with this bill.

Thank you for your time.

Laura J Marusinec
Library Media Specialist, School District of Hartford, Retired
2016 Teacher of the Year, Hartford Rotary Club
Library Consultant

TO: Senate Committee on Government Operations, Technology and Consumer Protection
SUBJECT: Opposition to Senate Bill 713
DATE: January 30, 2018

I would like to voice my opposition to Senate Bill 713 being discussed at a public hearing of the Senate Committee on Government Operations, Technology and Protection on January 31. This bill would end the Common School Fund as we know it and end the Board of Commissioners of Public Lands (BCPL) loan program that benefits schools, towns, villages, technical colleges, CESAs and public library systems. As a citizen concerned about student learning, I would like to ask you NOT to support this bill.

The Common School Fund is a vital factor in supporting development of student literacy skills, preparing them with the skills to be college and career ready and supporting personalized learning and student exploration and innovation through support of resources for the library media program. In many districts, these are the only funds supporting purchase of print and digital materials and equipment that serve the entire school. Eliminating the requirement that Common School Funds be used for libraries puts in jeopardy the ability for our schools to develop students ready to face the demands of college and the workplace.

The bill also gives the State of Wisconsin Investment Board (SWIB) more authority to invest BCPL trust fund dollars. According to the non-partisan Legislative Fiscal Bureau, if SWIB had been managing the Common School Fund dollars in the same way they manage their other investments during the financial crash of 2008, the Common School Fund would have suffered a devastating loss of between \$195 million and \$290 million. No funding would have been available for school libraries for several years following a loss of that magnitude. The Legislative Fiscal Bureau also noted that it is unlikely that the SWIB would be able to do any better than BCPL due to the constitutional and statutory requirements of the trust fund. The current structure has worked since the founding of our State and there appears to be no reason to change it.

As a supporter of schools and children, I would ask you to continue this support by opposing this effort. Thank you for your consideration of this matter.

Eileen E. Schroeder

Madison, WI 53705

Cc: Senator Risser

1.31.18

Dear Chair Senator Stroebel, Vice Chair Senator Craig and Committee Members of the Government Operations, Technology and Consumer Protection,

Thank you for your time today. My name is Mandy Meloy. I am a public school librarian, teacher, mom, and voter.

I urge you to oppose Senate Bill 713, relating to the Board of Commissioners of Public Lands. This bill is detrimental to public school libraries as it would eliminate the requirement that schools would have to use the the Common School Fund (CSF) for public school libraries. The Common School Fund was established by the Wisconsin State Constitution in 1848 and is the only dedicated source of K-12 school library funding in Wisconsin. School Librarians and other Common School Fund stakeholders support the current structure, which has been working well since the founding of our state.

School libraries use Common School Funds to build equity and access for all students, staff, administration, and the school community. CSF in the library makes sense as these funds are flexible and can be used to order books in print or online, database subscriptions, technology including e-readers, chromebooks, makerspace items, and other instructional material. It is important to keep these funds in the library because the library makes it available for everyone in the school community to use and be able to checkout. CSF is most often the sole funding source our school libraries to purchase these instructional materials that are available to all.

I am a School Library Media Technology Specialist at Lindbergh Elementary. It is the smallest school in the Madison Metropolitan School District. Because of the Common School Fund, we received \$2, 698.00 for 2017-2018 to spend on materials to house in the library that are recommended by staff, students, administration, and me. Books that are diverse and represent our students and their experiences. We have books in English, Spanish, and Hmong to assist with the joy of reading, academic, and social and emotional growth. We use CSF to purchase high quality databases and subscriptions, such as PebbleGo, a K-2 nonfiction database in both English and Spanish that will read along with the text. Additionally, Libraries often get database subscriptions cheaper as we are able to negotiate prices when we work together and order as a group. We also use the CSF to purchase other library materials which includes makerspace items, where students create, collaborate, problem solve, build skills using STEAM (Science, Technology, Engineering, Art, and Math). Skills such as reading, researching, problem solving, and collaborating are vital for students today and in the future.

I am delighted as a parent that my kids have access to quality information both in print and online. My own kids attend Glendale Elementary, a dual language immersion and deaf/hard of hearing school. The school librarian finds and orders materials that my family has access to. Because of Common School funds, my kids have access to Spanish reading materials in print and online at their interest and reading level. My kids can listen to native Spanish-speakers read audiobooks on Overdrive, a subscription database. They also have access to a makerspace to play, build, create, and explore technology. In addition, my kids are reading, writing, and laughing with the books that they choose in the library. Because of *Dogman* by Dav Pilkey, my first grade son is reading more and more and my 3rd grade daughter is drawing and writing her own graphic novels. The joy of reading! How wonderful!

This bill will damage the Common School Fund and thus damage school libraries. SB 713 will also damage the Board of Commissioners of Public Land (BCPL) as it eliminates BCPL's authority to make loans. The Board of Commissioners of Public Land oversees the Common School Fund and the interest on these loans currently go into the Common School Fund.

The Common School funds do such a great deal for our school libraries. Our school libraries in turn do such a great deal for our schools and society. They create a warm and welcoming environment, provide equal access to information, and access to diverse books and interesting non-fiction and fictional materials. They build equality and equity as well as improve academic and social/emotional skills.

I urge you to vote no and oppose SB713. We need to keep the Common School Fund for our public school libraries just as our founding fathers did in 1848.

I will conclude with some comments from my students when I told them I was coming here today to fight for School Library funding.

OR "I love libraries because the books help us discover new worlds"

AB " I need my library because I want to be a scientist when I grow up so I need facts and info to graduate and get a good job"

IB: "Please don't take away our entertainment, education, and our pride"

I defer to the next 3 kids and students to explain why the Common School Fund is vital to protect and fund School Libraries: Elena Meloy, Danny Quandt, and Lorelei Dean.

Thank you for your time.

Sincerely,
Mandy Meloy

Madison, WI 53714

January 31, 2018

Dear Chair Senator Stroebel, Vice Chair Senator Craig and Committee Members of the Government Operations, Technology and Consumer Protection:

Thank you for your time today. My name is Kristin DeLorme, and I am the school library media and technology specialist at Jefferson Middle School in Madison.

I urge you to oppose Senate Bill SB 713, The Reform for Public Lands, as it would eliminate the Common School Fund for public school libraries. The Common School Fund was Established by the Wisconsin State Constitution in 1848. The Common School Fund is the only dedicated source of K-12 school library funding in Wisconsin. School libraries receive an annual distribution of earnings from the CSF to purchase books, databases, and other instructional materials. With school budgets facing increased budget constraints, the vast majority of school libraries rely on CSF distributions as the sole funding source for the purchase of informational resources.

Without CSF, I would have almost no budget to purchase books, databases and other literacy materials for the students at my school. For many of the students at Jefferson, the school library is the main source for books, information technology and research. With the cuts that are continually happening within education, my school (and many, many others) are struggling to stretch meager funds to meet the needs of our students. The Common School Fund helps to offset those budget cuts by making it possible for me to purchase books/materials for the library without significantly impacting the school's budget.

In addition, I feel it is important to note the following:

- Common School Fund stakeholders were not consulted in the development of this legislation, and we do not support these changes. We want to maintain the current structure that has been working well since the founding of our State in 1848.
- Over the past 10 years, the BCPL State Trust Fund Loan program has invested over \$1 billion in communities throughout Wisconsin. Earnings from these loans are deposited into the Common School

Fund. Ending the BCPL loan program would eliminate this important economic development funding from our communities and eliminate a major source of revenue for the Common School Fund.

- With school districts across the state facing increased budget constraints, 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. This bill would remove the requirement that the Common School Fund be used for libraries, putting school library funding in jeopardy.
- The bill also gives the State of Wisconsin Investment Board (SWIB) more authority to invest BCPL trust fund dollars. According to the non-partisan Legislative Fiscal Bureau, if SWIB had been managing the Common School Fund dollars during the financial crash of 2008, it would have suffered a devastating loss of between \$195 million and \$290 million. No funding would have been available for school libraries for several years following a loss of that magnitude.

Sincerely,

Kristin DeLorme

Kristin DeLorme

Madison, WI 53719

1-31-2018

Dear Chair Senator Stroebel, Vice Chair Senator Craig and Committee Members of the Government Operations, Technology and Consumer Protection,

Thank you for your time today. My name is Jody Retzer Crolla. I am the school librarian at Gompers Elementary on the north side of Madison. I am also the mother of two children in the Mount Horeb Public School District.

I urge you to oppose Senate Bill SB 713, The Reform for Public Lands, as it would eliminate the Common School Fund for public school libraries. The Common School Fund was established by the Wisconsin State Constitution in 1848. The Common School Fund is the only dedicated source of K-12 school library funding in Wisconsin. School libraries receive an annual distribution of earnings from the CSF to purchase books, databases, and other instructional materials. With school budgets facing increased budget constraints, the vast majority of school libraries rely on CSF distributions as the sole funding source for the purchase of informational resources.

As a professionally certified and trained school librarian, I take the money the school receives from the distribution of CSF money and spend it so that the teachers and students in my school have access to a greater variety of educational materials than they would ever have in only their classroom. I work at a school that has a population of over 50% Free and Reduced Lunch recipients. These are families that cannot afford to spend their limited resources on books for their children. They also often do not have the time to make use of their local public library, due to the demands of their jobs. The students in my school look forward to their weekly time in our school library, during which they get to find books to inspire, explore, investigate and empathize. Some love the non-fiction section, learning about subjects that will inspire their future careers. Some love the fiction section, finding stories that allow them to see themselves in the world, or learn about others that help them feel a connection they may not otherwise have. Getting to choose their own reading material every week is teaching them life skills: how to find information; how to make connections; how to take information to help them further explore and create. These are the life skills we want our future workforce to have.

Teachers also depend on our collections and materials to supplement and enrich their lessons in the classroom. The library allows a 5th grade teacher to come and find reading material appropriate for a low-level reader who is trying to catch up to their peer group. It allows a 2nd grade teacher to check out books for a high level reader that needs more challenging material than their small classroom book corner can provide. I have teachers who walk out of the library with an armful of books for a particular unit they may be doing [biographies of famous people; inventors and inventions; immigration; weather; forces and motion; and on and on] which allows them to make a structured lesson they were given in their teacher manuals come alive. And

then the beauty of the library system is that the books get returned, and can be reused by whomever has the need the next time. They are not just hoarded in one teacher's classroom or grade level's closet.

Our library materials lead to 21st century work and creation skills that we only get to explore because of having the funding to buy the technology or materials needed to engage in these lessons with the students. Just a few example: students at my school are exposed to coding skills, and get to put the skills into practice by experimenting on a Dash + Dot programmable robot. They get to learn how to publish their own writing using a digital storytelling program purchased through our library department. They get to explore engineering skills through our hands-on Maker Space kits.

None of this would be possible without the funding the district receives through the CSF. I am at one of the smallest elementary schools in the district, and as such, my school has an extremely limited budget to work with. Even with what I receive on a yearly basis, my students' appetite for new materials is insatiable, and I try very hard to help them explore and discover what is already in our collection, because I can only purchase so many new materials every year. But to no longer be able to add any new materials because of the funding being taken away would be a blow to the entire student population.

As a mother of a 9th grader and a 1st grader, I am also incensed for the same reasons as I am professionally. My children love their school libraries. My daughter, a 4.0 GPA scholar, built her appetite for reading through her visits to her school library. My son, now an emergent reader, loves to come home with his weekly choices and read them with me. I love seeing the direction each child is taking. My daughter consumes fiction like water; my son prefers the factual books, learning about how things work in the world. Do not take this away from them.

The following are facts worth reiterating as well:

- Common School Fund stakeholders were not consulted in the development of this legislation, and we do not support these changes. We want to maintain the current structure that has been working well since the founding of our State in 1848.
- Over the past 10 years, the BCPL State Trust Fund Loan program has invested over \$1 billion in communities throughout Wisconsin. Earnings from these loans are deposited into the Common School Fund. Ending the BCPL loan program would eliminate this important economic development funding from our communities and eliminate a major source of revenue for the Common School Fund.

- With school districts across the state facing increased budget constraints, 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. This bill would remove the requirement that the Common School Fund be used for libraries, putting school library funding in jeopardy.
- The bill also gives the State of Wisconsin Investment Board (SWIB) more authority to invest BCPL trust fund dollars. According to the non-partisan Legislative Fiscal Bureau, if SWIB had been managing the Common School Fund dollars during the financial crash of 2008, it would have suffered a devastating loss of between \$195 million and \$290 million. No funding would have been available for school libraries for several years following a loss of that magnitude.

Please leave our Common School Fund intact and operating for the benefit of ALL students attending a public school in Wisconsin.

Sincerely,

Jody Retzer Crolla
Mother of 9th grade student and 1st grade student
in the Mount Horeb Public School System

Mount Horeb, WI 53572

1.31.18

Dear Chair Senator Stroebel, Vice Chair Senator Craig and Committee Members of the Government Operations, Technology and Consumer Protection,

Thank you for your time today. My name is Maegan Coffin Heindel. I am the school librarian at Marquette Elementary in Madison.

I urge you to oppose Senate Bill SB 713, The Reform for Public Lands, as it would eliminate the Common School Fund for public school libraries. The Common School Fund was established by the Wisconsin State Constitution in 1848, the Common School Fund is the only dedicated source of K-12 school library funding in Wisconsin. School libraries receive an annual distribution of earnings from the CSF to purchase books, databases, and other instructional materials. With school budgets facing increased budget constraints, the vast majority of school libraries rely on CSF distributions as the sole funding source for the purchase of informational resources.

The Common School Fund is a huge reason why I live and work in Wisconsin today. I had an offer to be a school librarian in Minnesota, but there the library budget was so small and the librarian spent all her time fundraising. In Wisconsin, I have been proud to have a sufficient budget to keep my library stocked and updated for student and staff needs and interests while retaining vital time for collaboration with teachers and enriching programs for students.

The Common School Fund ensures that my students have access to:

- Books and magazines that represent the diversity of my students' backgrounds
- Materials that span my students' reading levels, from beginning readers to age-appropriate advanced chapter books
- A Makerspace with STEAM-related activities to encourage problem-solving, perseverance, and growth mindset in our students
- Online databases that provide reliable, safe, age-appropriate sources for research

Without the Common School Fund, my students and staff would lose many of the resources that have supported teaching and learning for so many years in Wisconsin. This is not acceptable. I ask that you oppose Senate Bill SB 713 to protect our young people's right to quality resources for many years to come.

Sincerely,

Maegan Coffin Heindel

Madison, WI 53714

Monica Millen

New Glarus, WI 53574

January 30, 2018

Wisconsin Legislators
Madison, WI

Dear Senators:

Senate Bill 713, if passed, will be extremely detrimental to students across Wisconsin. Our Common School Fund was established in the Constitution in 1848. It provides per pupil funding for instructional materials in school libraries. Without that funding, school libraries will be unable to provide up-to-date and high-quality resources for students.

School libraries have existed in this country since colonial times. Benjamin Franklin viewed a school library as a key element to successful schools. Thomas Jefferson valued the importance of libraries so much that he donated his personal library to the People, creating the Library of Congress. By 1913, there were 10,000 school libraries in the US. Increase Lapham established Wisconsin's first school library in Milwaukee in 1851.

For 170 years, the Common School Fund has supported student learning by providing library materials -- essential resources that are shared amongst the students at their school and, in larger districts, throughout many schools, year after year.

Please do not take the Common School Fund away from our children, because...

Common School Fund = shared school library materials = Common Sense for Kids

Thank you for listening.

Sincerely,

Monica Millen, PhD

January 30, 2018

Dear Chair Senator Stroebel, Vice Chair Senator Craig and Committee Members of the Government Operations, Technology and Consumer Protection,

I am writing to ask you to oppose Senate Bill 713. I have been so proud that our state of Wisconsin had the foresight to set aside and manage well The Common School Fund for our public schools and the benefit for our communities even during financial crises.

As a homeowner and parent to two adult children who benefited greatly from the libraries of their public schools and are now happily employed in their chosen fields; I ask if the children of Wisconsin from this point on deserve less?

I chose to become a public school librarian to give the support to everyone's children and I truly believe that our current fiscal structure has benefited the education of Wisconsin children for as long as The Common School Fund has been in place. It has been a point of pride especially when talking to our neighbors in other states.

The Common School Fund provides the materials and services essential for our public school libraries. This structure has worked well for over 150 years and I ask you to maintain it.

Thank you!
Sincerely,

Sheryl Lewis Boser

Madison, WI 53711

Dir 26 NATR2
Hi im & I LOVE

2000 LIBRARY
CHECK OUT
BOOKS I get
to MAKE things

FROM JOHN MELO
XIFR 2+6 Red.

30-1-18

Dear Senitors

My Name is Elena McCoy
and I am a 3rd grader ~~at~~ at
Glendal Elementary ^{school} in the
Dual ^{Program} Immersion Spanish and
English ^{Program} thank you for your time
today I love school library
because you get to check out
books at school and they have
fun, interesting, creative, amazing books
and that their are books in
Spanish and English. And even
time my class goes to library
they say yay and we

learn how to find books with
tablets 11 of my favorite books
at our library is Crenshaw ^{crease}
thank you for letting me talk ^{is a}
^{young}
^{friend}

~~Thank you~~ Sincerely, Keep School! ^{friend}
Elena

Hi. My name is Lorelei and I'm an eighth grade student at Cardinal Heights Upper Middle School. I enjoy climbing and hiking, and listening to classical music, but what I really love to do is read. When I was little, my parents used to read me bedtime stories. In kindergarten, reading was something I had to do. In first grade, my mom bought me my first chapter book. Rereading it, I find it boring but at the time, that book and the others by that author were my life. After school, playing with one of my only friends I insisted on being characters in those books. It wasn't until third or fourth grade that we were allowed to check out chapter books at the school library, but when we finally were, I checked out as many books as I could. Each book was a completely different world and when I had to start a reading log in fourth grade I was able to say I read 45 or more minutes a night.

For the most part I read books to distract myself when I get upset, but I think that all the books I've checked out from the school library, or received as gifts really have helped me become a better writer. Reading books, I decide what things I do or don't like. I try to remember these when I write short stories for school, and when I really try, I usually get a good grade. There have certainly been times when I just wrote to get it over with. There was one time I had an assignment where I had to write a story that used several medical terms. I wrote a story about a girl who kept asking someone definitions of words. That assignment took me ten minutes and got me a very low grade. Another time when I thought about it, considered the list I had made of things I liked in stories and did my best to make my story fit those. I got an overall grade of a four on that one assignment, and the few times I have seen that teacher since then she has brought up Tiny Toast no matter how little time we have. Without school libraries, most of the books I read would probably be light happy books. While I still like fantasy stories above most others, I've now found more. I don't just look at books with fairies. Now I read books with dragons and elves to. The books I read are deeper, and I've learned more about writing because of it. I admit I still have no idea what I'm going to do when I grow up, but whatever I decide on, I know I will spend free time reading or writing. Maybe someday I'll even get a book published.

My name is Danny.

I like to use libraries
to research lawnmowers
and snowblowers.

I also get information
on flying my drones.

3-1-18

Dear Senitors

My Name is Elena Meloy
and I am a 3rd grader ~~at~~ at
Glenda Elementary ^{school} in the
Dual ^{Program} Immersion Spanish and
English. I thank you for your time
today. I love school library
because you get to check out
books at school and they have
fun, interesting, creative, amazing books
and that there are books in
Spanish and English. And even
time my class goes to library
they say yay! and we

learn how to find books with
tablets. 1 of my favorite books
out of library is Crenshaw ^{crease} st ^{ing}
thank you for letting me talk ^{friend}

~~Thank you~~ Sincerely, Keep School Libraries
Elena

Dir 26 NATR2
Him & I LOVE

COUL LIBRARY
CHECK OUT
BOOKS I get
to MAKE THINGS

FROM JOHN MELO
XIFR 2+6 RED.

To the Honorable
 Assemblywoman Lisa Sudeck,
 We would like to support our
 school library at Gilman Stephens
 Elementary by supporting the Common
 School Fund.

We would like to have the
 choice to buy books that interests
 us.

Also provide a library for
 those who don't have access to
 one.

We use our library for fun, do
 research and learn. We can't
 imagine not having it be our hero;
 Save our Common School Fund!

In gratitude,

Swain Scout

Austin Lily

Milton Nathaniel

Marvill DS

Alan Diego

Dear Honorable

Alderwoman Lisa Subeck,

My name is Gianna Cusumano and I am writing to you about something very important to everyone at my school. I believe that the Common School Funds (CSF) program is very important because for some kids this is there only book source. I hope you agree to support the CSF!

Sincerely,

Gianna Cusumano

Dear Honorable Senator Fred Risser

My name is Hunter and I'm writing to you about something very important to my. I believe that the common school funds program is very imported because. It's good for people who are not that fortunes as us. People can really go to the school library and check out books and teachers have lesson books at the library so we can learn and the teachers know what to teach so its help us learn and grow. Also I love history and I depend on the school for updated recherch like WW2, WW1 Modern Warfare etc. Or for other kids funny, comic, and chapter books really make them learn and how to read.

I love books and so do other kids. So please, please consider supporting the important common school fund. Thank you if you support this and hope you do this because you want to.

Sincerely,
Hunter

Dear Honorable Senator Fred Risser.

My name is Tommy and I am writing to you about something very important to me. I believe that the Common School Funds is very important because it's gives kids opportunities to get new books and read them. Some children don't have access to public libraries near them. Without the Common School Funds we aren't able to read new books without buying them or going to a different library. I hope you agree to support Common School Funds.

Sincerely,
Tommy

Dear Honorable Lisa Subecki,

My name is Kyleigh and I am writing to you about something very important to me. I believe that the Common School Funds program is very important because I think it's not fair to take away our place of learning about our history. I hope you agree to support the Common School funds!

Sincerely,

Kyleigh

2-12-17

Dear Fred A. Risser,

I am writing to you today to ask you to support the common school fund because without it, the library won't have enough money to buy as many books. And then students can't use them as a source for knowledge, entertainment, or any other way you can use books because many families don't have the money or time to buy books for their children. Plus, books are a good way to learn things, even better than computers because you can post anything on the web, true or false. But, you can't publish anything to be a book. Please take this letter into consideration.

Yours truly,

Jason

Dear Senator Fred A. Riesen

I'm writing this letter today because I am telling you to not take the money away from the school library! I'm doing that because some kids don't have any books or resources at their house! They're relying on the school library! Just think of a kid without being able to read a book!

In honor of the
Common School
Funds

Landan
Roch



January 30, 2018

Dear Legislators,

Common School Funding is the foundation that our public libraries are built upon. The creators of our great state set it up to make it so all residents of Wisconsin would have the opportunity to access information and resources. Their vision is just what has happened. What the Common School Fund money looks like in my school library is new books across every genre, hooking kids into stories of lives different and similar to theirs, building empathy and community while growing reading scores and improving literacy. It looks like giving students who wouldn't have it otherwise access to information, building research and information literacy, making them strong consumers of information making powerful decisions based on powerful information from credible sources provided to them as patrons of my library. Common School Funding money brings technology resources to allow kids to grow as 21st century learners who have the power to create and innovate in ways they would not be able to without this funding. Once the designation of how the money can be spent is changed, libraries will see very little of it, which means kids will receive very little of it. Our mission is to grow strong consumers and constituents for our future. Common School Funds currently go directly to that cause. A change would be extremely detrimental to the future of our state. Please consider supporting all students and keeping these funds available for library use.

With deepest sincerity,

Mindy Grant

Sun Prairie, WI 53590

Sincerely,

Tony Dugas, Principal
O'Keeffe Middle School
Madison, WI

2017 SB 7/3

"The most important thing we can do is treat each other with respect and kindness." -Barack Obama. In all of the libraries I've been to the main thing I've seen is kindness. No matter what skin color, Religion or belief you have, You share the kindness in your heart. And Showing the love for reading is a perfect way to show it. I've seen many people laugh and smile, by just showing a good book. It's great to have that at your fingertips and at school everyday. Please do not have library school fundations.

Grace Conneely

2017 SB 7/3

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Grace Conneely

31 January 2018

Dear Wisconsin State Senators,

As Supervisor 1 of the Town of Palmyra, I am asking you to vote **AGAINST** SB 713. The Public Lands State Trust Fund Loan program is vital to the financial health of Wisconsin Towns. We depend on this fund as a simple and direct way to finance repairs to Town roads.

Town board positions are filled by persons **DIRECTLY** accountable to the residents of our towns. We all struggle on a daily basis to provide the best public services within our realm so that our communities are stable and healthy. We do this because we are part of the community and care about our neighbors, and we do this with very little financial compensation. As you know, good roads are vital to the economic health of any community.

The argument to eliminate the Board of Commissioners of Public Lands State Trust Fund because the money could be better invested elsewhere is very short-sighted and foolish. There is no better investment than investing in the communities which are the heart of Wisconsin!

I implore you to leave this extremely important fund alone. It has worked well for over a century and it is desperately needed today. We moved from gravel roads to paved roads decades ago, and today is not the time to return to gravel. Forcing Towns to either scale back road repairs or go to other sources for loans is neither sensible nor responsible.

Yours Truly,

A handwritten signature in cursive script, appearing to read "Weenonah Brattset".

Weenonah Brattset, Supervisor 1, Town of Palmyra, WI
Jefferson, WI 53549

Wisconsin State Senators,

Jan. 30, 2018

My name is Ed Miller. I'm a supervisor for the Town of Palmyra in Jefferson County. I'm writing this letter to urge you not to end the Board of Commissioners of Public Lands. The only way that towns like ours can try to keep up with road work is by borrowing money. Ending this program would take away another resource that we have to finance our projects for a reasonable cost. Borrowing money is a cost to taxpayers just like a tax.

The fund interest that goes back to public school libraries also helps to keep taxes down.

Again I urge you to leave it alone.

Thank you, Ed Miller, Supervisor 2, Town of Palmyra

SB 713

My name is Mick Klein Kennedy, I am a resident of the Town of Perry, and I am a Supervisor on the Town of Perry Board.

I am here today as a Town of Perry Resident. I am not to here represent the views of the Town of Perry Board. The Town of Perry Board may have a resolution to express our opinion on SB713 in the near future.

Thank you for letting me speak on SB713. I am here to urge you to vote NO on SB713, I do not support this bill, or any reason for it to even see the light of day.

This bill would eliminate the Board of Commissioners of Public Lands State Trust Fund Loan program, what I will refer to here as BCPL. The Town of Perry has a loan with the BCPL. It is a great program! I am against SB713, Please do not pass SB713

This Bill would needlessly eliminate an easy, efficient and cost effective tool for LOCAL government to help provide for the health and safety of their citizens by purchasing public safety equipment, engage in economic development projects that help create jobs, expand infrastructure, and help to preserve local history and culture

The BCPL Loan program has facilitated over 4200 successful loan disbursements since the year 2000, all over the State of Wisconsin. All of these loan disbursements are going towards helping local governments realize completion of those types of projects I just listed above, and at the same time, creating jobs to get those projects done, and bringing those communities closer together, instilling a sense of pride in their communities.

Some examples right here in Dane county are:

2001 - Town of Bristol (Jerry Durr, Chairman) for a new Town Hall - \$600,000.00.

2003 - Village of Mt. Horeb - new pumping station & sewer utility garage - \$558,283.

2004 - Dane Co. Sheriff's Dept. vehicles = \$500,000.

2004 - Village of Mt. Horeb land - \$778,400.

2005 - Village of Mt. Horeb - street projects = \$900,000.

2005 - City of Verona - remove blight - \$493,000.

2014 - Town of Perry - finance Hauge park land acquisition costs - \$1,175,000.

Continued on next page

Pg. 1

The Supporters of this Bill argue that the money currently loaned to towns and invested by BCPL, could obtain a higher rate of return if invested by the same folks that manage the Wisconsin Retirement system. The non-partisan Legislative Fiscal Bureau however has found that this would not be the case, and the investment return would be similar. The bill Sponsors have not take into account the value and the return of investment that all the jobs and Community building that this BCPL loan program has produced over the last seventeen years....Simply investing dollars in a fund similar to the Wisconsin Retirement fund, would not create all the jobs and Community Pride that this BCPL loan program has brought about.

Passing this bill will accomplish at best, a similar rate of return, but would result in less investment in local infrastructure and other public assets. Local taxpayers would get to pay more in interest and fee charges, and local communities would lose out on all the jobs and community building that has taken place under the current BCPL loan program.

This Bill is short sighted, and continues the economic assault on local governments and the citizens of the state of Wisconsin. In this instance, denying them an accessible development loan program, while at the same time, the State of Wisconsin is bending over backwards providing huge tax breaks and cash incentives to a few corporations, which only concentrate state funds for development, jobs, and infrastructure improvements in one or two areas of the State, at the expense of all others.

The sponsors of this bill have assembled a Bill with 10 pages, and spent countless hours drafting the Bill, but as far as I can tell the sponsors of this Bill have not really consulted their constituents, as some local governments I have spoken within their own districts to are not aware of this bill, but are very well aware of the benefit of the BCPL loan program. I am glad the Wisconsin Town's association brought this to our attention.

The State wide benefits of the BCPL loan program can be seen in the 172 page document showing the lists of successful loan applications and loan disbursements that this program has produced over the last 17 years.

The BCPL loan program serves all the Local governments and citizens of the State of Wisconsin in a fair and balanced process. Please do not pass this bill, but instead continue the current successful BCPL loan program for the benefit of all the citizens of Wisconsin.

Thank you for giving me a chance to speak.

Mick Klein Kennedy



January 31, 2018

Honorable Members of the Committee on Government Operations, Technology and Consumer Protection:

In 2008 as the nation was in financial crisis the perfect storm was hitting Menasha with the potential to send our community into bankruptcy. It was only with the assistance of the Board of Commissioners of Public Lands that the City of Menasha was able to structure a work out plan to repay creditors of a failed industrial steam facility owned by the City began by the previous mayor.

While our story had a positive outcome it would not have without this option. We were not able to enter the bond market to repay creditors, nor were we able to access local banks as many were the same banks that the city owed the funds to.

Since that time the City has issued or refinanced nearly \$50 million in loans with the Board of Commissioners of Public Lands. Financing these loans through the private bond market would have added issuance costs of \$1 - \$2 million. Financing these loans through private banks with higher interest rates would have added interest costs of \$1 - \$8 million. Money our residents don't have. For example one loan of \$10.8 million through a private financier was refinanced through the BCPL at a reduced rate of 4.25% previously 6.5% saving our electric rate payers \$2.7 million.

With the responsible use of the Board of Commissioners of Public Lands loan programs the City of Menasha has reduced their GO debt nearly \$12 million from \$43 million to \$31 million since 2011, while at the same time having the ability to invest in streets, equipment, and economic development.

As local officials, this program allows us options to make the most fiscally responsible use of taxpayer dollars. While Menasha's bond rating is not back to where we can effectively enter the bond market, Moody's noted that "*borrowing through the State Trust Fund which mitigates the city's need to access the capital markets for capital projects*" as a strength leading to an improved rating of Baa2 from Ba2.

Eliminating the authority of the Board of Commissioners of Public Lands to make state trust fund loans would end a reliable fiscal tool for thousands of local governments impacting infrastructure and economic development projects that, but for the state trust fund loan program, would have either not occurred or cost taxpayers more. I respectfully request that you reconsider this action.

Maintaining the program is good for communities, school districts, and most importantly tax payers.

Respectfully,

Donald Merkes,
Mayor City of Menasha



131 W. Wilson St., Suite 505
Madison, Wisconsin 53703
phone (608) 267-2380; (800) 991-5502
fax: (608) 267-0645
league@lwm-info.org; www.lwm-info.org

To: Senate Committee on Government Operations, Technology, and Consumer Protection
From: Curt Witynski, J.D., Deputy Executive Director, League of Wisconsin Municipalities
Date: January 31, 2018
Re: **SB 713, Eliminating Authority of BCPL to make State Trust Fund Loans to Local Governments**

The League of Wisconsin Municipalities opposes SB 713, eliminating the authority of the Board of Commissioners of Public Lands (BCPL) to make state trust fund loans to local governments.

We have heard more from our members about this bill than many others. It is clear that the BCPL loan program is highly valued by Wisconsin cities and villages, providing an efficient and effective method for financing infrastructure, economic development and capital equipment purchases. The loan application process is easy, fast, and reliable. The lack of fees and allowance for prepayment empowers borrowers to make the wisest, most fiscally responsible use of taxpayer dollars.

Many smaller municipalities cannot access the municipal bond market because their borrowing amounts might be too small or they don't have audited financial statements or other impediments. They then have to work with underwriters like Baird to do private placements, or they obtain bank loans, both of which often carry higher borrowing costs than the trust fund loans. Even when interest rates are comparable, the cost of issuance for a trust fund loan is negligible compared to the cost of private placement, which includes advisor, underwriter, attorneys, etc. The BCPL loan option is ideal for infrequent and small borrowers.

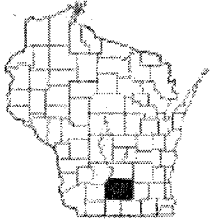
Moreover, communities particularly value the program's availability in times of economic downturns. During the 2008 financial crisis, the bond market effectively stopped lending to municipalities; however, BCPL was still there for Wisconsin. They loaned over \$230 million during a time when banks and bond houses did not.

Demolition of this program would not only eliminate a smart fiscal tool for thousands of local governments, but also curtail infrastructure and economic development projects that, but for the state trust fund loan program, would have not occurred or would have cost more for taxpayers.

We urge you to vote against recommending passage of SB 713. Thanks for considering our comments.

YOUR VOICE. YOUR WISCONSIN.

DANE COUNTY CITIES' & VILLAGES' ASSOCIATION



President:

Jon Hochkammer
Mayor
City of Verona
(608) 845-5833

Vice President:

Judd Blau
Village President
Village of DeForest
(608) 846-6751

Secretary:

Bob Wipperfurth
Village President
Village of Windsor
(608) 846-2703

Treasurer:

Bill Burns
City Administrator
City of Verona
(608) 845-6495

Member-At-Large

Donna Olson
Mayor
City of Stoughton
(608) 873-6677

Public Affairs:

Forbes McIntosh
Gov't Policy Solutions
(608) 255-0029

Address:

14 West Mifflin Street
Suite 206
Madison, WI 53703

Testimony

To: Senator Ducey Stroebel, Chair
Members of the Senate Committee on
Government Operations, Technology & Consumer Protection

From: Forbes McIntosh

Date: Wednesday, January 31, 2018

Re: **Support for Senate Bill 709 – Updating Population Threshold
Specifically Jurisdictional Transfer of County Trunk Highways**

On behalf of the members of the Dane County Cities' & Villages' Association (DCCVA) we urge your support for Senate Bill 709, a technical proposal meant to update the base population standard or threshold for "populous counties" from 500,000 to 750,000.

The 500,000 population threshold has been employed by the Wisconsin Legislature for nearly 100-years as a unique identifier in state statutes to describe Milwaukee County. However, this identifier will soon be made obsolete in the upcoming 2020 Census when Dane County is projected to surpass the 500,000 population threshold – at which time 246 statutory policy references intended by the legislature to affect only Milwaukee County will also then apply to Dane County – some of which are problematic. The intent of the legislation is to maintain the status quo.

DCCVA for several months has been talking with local leaders and state legislators from the Dane County area on a more specific threshold change focused solely on *Wis. Stat. §83.025(1)(d)* "jurisdictional transfer of county trunk highways." While there is significant bipartisan support for this more focused change - a greater policy question was continually raised as to whether it was time to introduce a final "wrap up" bill to deal with all remaining 246 population references - as a "wrap up" bill should be passed either this year or next, prior to the 2020 census process.

It should be noted that the Dane County Board has passed resolutions over the years requesting this population threshold policy change, including in the approved 2017-18 Dane County Legislative Agenda - Item #24...

"Population Change. Dane is nearing the 500,000 population mark. Support legislation to address issues within the state statutes that pertain to counties with a population of 500,000 or more by changing the population figure to 750,000 or more throughout the state statutes..."

Again, on behalf of the DCCVA membership, we urge your support of SB-709.

Thank you.



Wisconsin Rural Water Association
350 Water Way • Plover, Wisconsin 54467
715-344-7778 • Fax: 715-344-5555 • E-mail: wrwa@wrwa.org

To: Members, Senate Committee on Government Operations, Technology and Consumer Protection
From: Chris Groh, Executive Director
Date: January 31, 2018
RE: **Opposition to SB 713 – BCPL Reform**

Wisconsin Rural Water Association (WRWA) submits these comments in opposition to Senate Bill 713. SB 713 would eliminate the authority of the Board of Commissioners of Public Lands (BCPL) to make loans to municipalities for public projects, including critical water infrastructure enhancements. Eliminating this program removes a reliable, historic, and efficient funding option for the improvement of aging municipal water systems that increasingly need repair and replacement.

Since 2000, BCPL has disbursed **\$135 million** in loans to municipalities for water and wastewater system projects. Projects financed by BCPL loans include sewer extensions and updates, water tower construction, and vital water main repairs and replacements. In addition, because of the lack of fees and option for repayment, BCPL loans are easy, fast, and reliable for municipalities that wish to use taxpayer money efficiently. BCPL loans are not only cost-effective for municipalities, but also are a low-risk investment to increase state trust funds over time.

Water infrastructure project costs funded by BCPL have ranged from \$20,000 to \$4.8 million dollars. This broad range demonstrates a key benefit of BCPL to fund both small and large-scale infrastructure projects. Financing from private financial institutions may not be an option for these small, although highly critical, water infrastructure projects. Often times, municipal water and wastewater systems have turned to BCPL after getting turned down by all other sources at their disposal, including local banks.

For example, in one recent situation the joint sewer system of Kennan and Cataba in Price County faced a major emergency sewer line break. These two small systems had limited financing options for a \$50,000 project (\$25,000 per system). After trying to receive a loan from several local banks, the Community Development Block Grant program, the state's Clean Water Fund, Kennan and Cataba were finally able to secure a loan through the BCPL loan program for \$25,000 per system. Without the BCPL funding, the critical repairs for the sewer collection system may have not been completed.

Eliminating the BCPL loan program would prevent many water utility projects from occurring and increase the cost of many others. Funding from local banks is limited and is rarely an option to ensure safe, clean water for Wisconsin residents.

Representing over 676 community water and wastewater systems, WRWA respectfully requests you oppose this legislation.



Waunakee Community High School

Committed to Children · Committed to Community · Committed to Excellence

January 31, 2018

Dear Members of the Senate Committee on Government Operations, Technology and Consumer Protection:

Please oppose Senate Bill 713.

The current structure and distribution of the Common School Funds is exemplary. It has worked for every public school child in Wisconsin since 1848. Public school librarians have been good stewards of Common School Funds to purchase resources that support the school curriculum and that inspire students to read.

Common School Fund monies are the sole source of funds for Waunakee public school librarians to purchase: books that circulate in the library, newspapers, magazines, online databases, and our online catalog for access to many of these materials. Access to these resources benefits every child in our schools. This is true for public school students throughout Wisconsin.

Vibrant, and resource-rich school libraries managed by professional school librarians are the heart and soul of k12 public schools. Research supports this. A visit to any school in the Waunakee district will confirm this. Common School Funds, managed by a qualified school library professional, make this learning environment possible.

Library Media Specialists have done an outstanding job of ensuring that Common School Fund monies are used to support student learning in the best, most equitable way possible. That has been the genius of the requirement that Common School Fund monies are managed by School Library Media Specialists for access to resources for all students and staff through the school library.

Professional Library Media Specialists:

- Select excellent (well-reviewed) and reliable resources
- Purchase resources through buying consortiums and professional purchasing agreements to get the best resources for the best prices.
- Select materials at a variety of reading levels to meet the needs of all students in our school.
- Select materials that reflect the broad interests and abilities of students in our school community to meet the needs of all of our students.
- Select resources that support the school curriculum in collaboration with classroom teachers.
- Select resources that inspire students to learn and read as a life-long pursuit.

- Evaluate resources and their use ensuring that they continue to be valid, current, and relevant to student and teacher needs.
- Collaborate with classroom teachers to instruct students on how to access, evaluate, organize, interpret, synthesize, and cite a variety of sources in an ethical way.

The creators of the Common School Fund system in Wisconsin, like the authors of the United States Constitution, knew what they were doing. They designed a sustainable system for every student in our state to have access to the resources they need through their public, or “common” school. It has worked. The funds are carefully managed, equitably distributed, and conscientiously used to benefit every child in our state who attends a public school. Please honor their good work and foresight: protect the Common School Fund. It is a gem. **I urge you to oppose Senate Bill 713 that seeks to undo what has worked so well.** Thank you.

Sincerely,



Jeannine Ramsey
Library Media Specialist
LMTC/Tech Integration Dept. Chair
Waunakee High School
301 Community Drive
Waunakee, WI 53597
(608)849-2100 ext. 2402



To: Senator Stroebel, Chair, Senate Committee on Government Operations, Technology and Consumer Protection and Committee Members

From: Wisconsin Educational Media & Technology Association

Date: January 31, 2018

Re: Senate Bill 713

Thank you for the opportunity to provide input on Senate Bill 713. The Wisconsin Educational Media & Technology Association (WEMTA) represents school library media and instructional technology professionals. The Board of Commissioners of Public Lands (BCPL) and the Common School Fund is very important to WEMTA and the school library community.

WEMTA opposes Senate Bill 713 because it eliminates the current law requirement that the Common School Fund be used for school libraries, thus ending the only dedicated source of school library funding in Wisconsin. While we understand that it is not the intent of the bill authors to take money away from school libraries, this legislation has the unintended consequence of setting up that very scenario. If this bill is passed, none of the Common School Fund disbursements would be required to go to school libraries.

With school districts facing increased budget constraints, the vast majority of school libraries rely on Common School Fund distributions as their sole funding source for the purchase of informational resources. Strong school libraries, with quality resources, are essential to the academic success of Wisconsin's children, especially in the area of reading. Now, more than ever, we must work to ensure that the Common School Fund is protected from competing financial interests.

We can appreciate the desire to make sure this Fund is meeting the needs of today's school libraries, which have evolved to place a strong emphasis on technology. The Common School Fund is already meeting these needs. Common School Fund disbursements provided to school libraries by the BCPL are currently used to purchase books, e-books, newspapers and e-subscriptions, periodicals, web-based resources and other library materials - including computers, iPads, apps and related software.

As Common School Fund stakeholders, we can tell you that the current system is working well and already providing the flexibility to add technology to our school library programs.

WEMTA is very concerned about potential unintended consequences that could result from eliminating the requirement that these funds be used exclusively on school library programs and changing the name of the current law appropriation from "school library aids" to "school aids." We believe this jeopardizes our founding fathers' commitment to maintaining a constitutionally protected form of school library funding.

WEMTA also opposes the proposal to eliminate the BCPL Trust Fund Loan Program.

The BCPL generates earnings for the Common School Fund by investing in community projects across Wisconsin through the State Trust Fund Loan Program. BCPL has invested more than \$1.1 billion dollars in local communities, including over \$220 million in economic development projects over the last 10

years. This includes loans for street improvements in the City of Greenfield; a fire truck in Delafield; replacing water mains in Saukville; a snowplow for Slinger; and sewer construction in Hales Corners.

Thanks to sound stewardship by BCPL, in 2016, Wisconsin K-12 school libraries received \$32.1 million. This includes \$96,634 for Slinger; \$280,384 for West Bend; \$147,743 for New Berlin; \$197,146 for Muskego-Norway; \$459,595 for Waukesha; \$785,091 for Racine; and \$3.9 million for Milwaukee.

Wisconsin has a unique program overseen by the Board of Commissioners of Public Lands, which operates at no expense to Wisconsin taxpayers and gives much back. According to the non-partisan LFB, "BCPL has achieved cash returns that were significantly higher than the 7-year Treasury rate (market rate) in recent years." Even during the 2008 financial crash, the Common School Fund had a positive return of nearly 5%.

WEMTA believe that the current system is working very well and asks that you do not advance Senate Bill 713.

Thank you for your consideration.



School District of Elmbrook • 13780 Hope Street • P.O. Box 1830 • Brookfield, Wisconsin 53008-1830
Phone: (262) 781-3030 • Fax: (262) 790-4092 • www.elmbrookschoools.org

January 31, 2018

Senate Committee on Government Operations, Technology and Consumer Protection:

Please oppose Senate Bill 713. The brilliant framers of our state Constitution acted wisely when drafting this provision in 1848. Their pay it forward provision is one of two surviving each rewrite of the constitution. Because of this provision, charging the Board of Commissioners of Public Lands with Common School Fund oversight, Wisconsin's School Libraries are among the best in the world. We have been gifted with a stable funding source every year for the past 169 years. This request is not being made for nostalgic reasons, but rather because the system is working. The priority Wisconsin has placed on funding school libraries is a key contributing factor to the success of our students. It is also in line with Governor Walker's Read to Lead initiative.

The privilege to serve as a librarian for the School District of Elmbrook for several years has provided the opportunity to observe school library budget trends over time. In the beginning, Common School Funding consisted of approximately 65 percent of our school library operating budget. Today, Common School Funding accounts for about 95 percent of our operating budget. When considering districts across the state, less than five percent receive additional funding beyond what they are allocated from the Common School Fund.

Several years ago, Common School Fund spending guidelines were altered to allow for our entire allocation to be utilized for funding technology needs. This provided great flexibility for spending to include technology resources. Even with this flexibility, our spending continues to reflect our priority of literacy supported by relevant and vibrant collections. Looking at the past two years, nearly 85 percent of our CSF allocation is spent on print and digital resources, with only 15 percent utilized for technology needs. Our district has prioritized additional dollars to support student technology needs recognizing the value of maintaining current print and digital collections.

The sustainability of these funds is critical for our school libraries to survive, thrive, and meet the needs of our learning communities. By opposing Bill 713, you will keep the library, the heart and soul of the school, strong. Thank you for the opportunity to speak today. We are very grateful for your time, expertise, and the work you are doing to protect and improve our ability to support literacy needs.

A handwritten signature in cursive script that reads "Kay J. Benning".

Kay Benning, District Library Coordinator, School District of Elmbrook, 262-227-7138

cc: Senator Leah Vukmir, Sen.Vukmir@legis.wisconsin.gov