



2021 ASSEMBLY BILL 568

September 22, 2021 - Introduced by Representatives MACCO, STEFFEN, BALDEH, EDMING, GUNDRUM, HORLACHER, KNODL, KUGLITSCH, LOUDENBECK, MOSES, MURPHY, PENTERMAN, SPIROS, WITTKER and ZIMMERMAN, cosponsored by Senators STROEBEL, COWLES, BALLWEG, BERNIER, FELZKOWSKI, FEYEN, NASS, PETROWSKI, ROYS and MARKLEIN. Referred to Committee on Colleges and Universities.

1 **AN ACT to amend** 36.11 (11m) (a) (intro.) and 36.11 (11m) (b); and **to create** 36.11
2 (11m) (am) of the statutes; **relating to:** investment of certain University of
3 Wisconsin System revenues.

Analysis by the Legislative Reference Bureau

This bill expands the authority of the Board of Regents of the University of Wisconsin System to manage the investment of certain UW System revenues through a financial manager, a private investment firm, or the State of Wisconsin Investment Board (SWIB), instead of investing these moneys in SWIB's State Investment Fund (SIF).

Current law specifies that SWIB has control of the investment of certain state moneys. SWIB manages the SIF, an investment trust that functions as the state's cash management fund under which idle cash balances are pooled and invested in liquid, low-risk investments until these moneys are needed.

Under current law, the Board of Regents may invest revenues from gifts, grants, and donations by doing any of the following: 1) directly employing a financial manager; 2) selecting a private investment firm using a competitive proposal process; or 3) contracting with SWIB to manage the investment of these moneys. If the Board of Regents invests these moneys in this manner, the moneys are not required to be deposited in the SIF. If the Board of Regents contracts with SWIB to invest these moneys, SWIB must invest the moneys in accordance with the terms of its contract with the Board of Regents and SWIB's general standard of investment prudence.

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Under the bill, the Board of Regents may manage the investment of any revenues designated by the Board of Regents in the same manner allowed under current law for gifts, grants and donations: 1) by directly employing a financial manager; 2) by selecting a private investment firm; or 3) by contracting with SWIB. If the Board of Regents employs a financial manager or selects a private investment firm, the designated revenues must be managed in accordance with the investment policies established by the Board of Regents and consistently with the standard of investment prudence for investing institutional charitable funds. If the Board of Regents contracts with SWIB, SWIB must manage the designated revenues as provided under current law, which requires SWIB to invest the moneys in accordance with the terms of the contract and SWIB's standard of investment prudence.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 36.11 (11m) (a) (intro.) of the statutes is amended to read:

2 36.11 **(11m)** (a) (intro.) The board may ~~invest~~ manage the investment of any
3 revenues designated by the board, including revenues from gifts, grants, and
4 donations, by doing any of the following:

5 **SECTION 2.** 36.11 (11m) (am) of the statutes is created to read:

6 36.11 **(11m)** (am) 1. If the board employs a financial manager under par. (a) 1.
7 or selects a private investment firm under par. (a) 3., the designated revenues shall
8 be managed in accordance with the investment policies established by the board and
9 in compliance with the requirements under s. 112.11 if the designated revenues
10 comprise an institutional fund, as defined in s. 112.11 (2) (e), or consistently with the
11 same standard of responsibility under s. 112.11 (3) (b) if the designated revenues do
12 not comprise an institutional fund.

13 2. If the board contracts with the investment board under par. (a) 2., the
14 designated revenues shall be managed as provided in s. 25.17 (9m).

15 **SECTION 3.** 36.11 (11m) (b) of the statutes is amended to read:

