

# Fact Checking Claims about BCPL “Reform” Legislation (Senate Bill 713/Assembly Bill 857)

Legislation was recently introduced to “reform” the Board of Commissioners of Public Lands (BCPL) and the Common School Fund. Proponents of this legislation ([Senate Bill 713/Assembly Bill 857](#)) have made the following arguments as to why these changes (which were developed without stakeholder input) are needed.

**Claim #1: According to a Legislative Fiscal Bureau (LFB) memo, if the State of Wisconsin Investment Board (SWIB) had been managing the BCPL’s fund since 1991, significantly more money would have gone to public schools.**

**Fact Check:** The LFB says that it is unlikely that SWIB would be able to do any better than BCPL because they would need to adhere to the constitutional and statutory requirements of the trust fund. While the LFB did say that it is “theoretically possible” that SWIB could realize a greater rate of return in future years by managing BCPL trust fund money in the same way they handle their current investments for the Wisconsin Retirement System (WRS)-- it is very important to note that within that same memo, LFB concluded that “SWIB would be required to manage the trust funds prudently, and be subject to the same constitutional and statutory constraints as the BCPL....Further, the WRS and the BCPL trust funds have disparate goals and risk profiles, making a comparison difficult.” LFB went on to say that if SWIB had been managing the funds during the 2008 financial crash, they would have experienced a *loss* of \$195 million to \$290 million. According to LFB, this “would have been equal to approximately five to eight years of earnings from low-risk investments at that time.” A loss of this amount would be devastating to the Common School Fund.

**Claim #2: BCPL is not an expert at investing money.**

**Fact Check:** 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.” In fact, since 1991 BCPL has never had a negative rate of return. Even during the 2008 financial crash, the Common School Fund had a positive return of nearly 5%.

**Claim #3: This legislation does not end the Common School Fund.**

**Fact Check:** The Common School Fund was established by the original Wisconsin State Constitution to provide aid to public school libraries. It is the only source of dedicated school library funding in Wisconsin. While this legislation may not change the name of the Fund, it clearly ends the constitutional intent of the Fund. This bill would remove the requirement that the Common School Fund be used for libraries, thus ending the only dedicated source of school library funding in Wisconsin.

**Claim #4: Eliminating the BCPL trust fund loan program will result in an increased cash flow for the Common School Fund.**

**Fact Check:** Currently, earnings from the BCPL trust fund loan program go into the Common School Fund. By eliminating the trust fund loan program, this legislation is actually eliminating a large source of revenue to the Common School Fund.

**Claim #5: The BCPL trust fund loan program unfortunately competes with small banks and credit unions that are creating jobs and opportunity at the local level across our state.**

**Fact Check:** The BCPL trust fund loan program has invested over \$1 billion in communities throughout Wisconsin, including \$220,920,000 in economic development projects. According to the League of Wisconsin Municipalities and Wisconsin Towns Association, "The lack of fees and allowance for prepayment empowers borrowers to make the wisest, most fiscally responsible use of taxpayer dollars. 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."

**Claim #6: Each individual community is different, and allowing local discretion with the use of the Common School Fund disbursements would be beneficial. Library programs could be expanded if there is local support.**

**Fact Check:** This directly violates the constitutional intent of the Common School Fund. The framers of our state Constitution established this permanent "school fund" and required that its income be applied exclusively "to the support and maintenance of common [public K-12] schools ... and the purchase of suitable libraries and apparatus therefor." Additionally, 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. Eliminating the only dedicated source of school library funding would not be beneficial to Wisconsin students.