



## THE STATEWIDE LENDER THAT PAYS LOCAL DIVIDENDS

–Wisconsin County Treasurers' Association

In 1848, Wisconsin entered the union as the 30th state. There were 28 counties, 200,000 people, and a Board of Commissioners of Public Lands (BCPL). Even back then, our forefathers had trouble finding common ground. However, the idea of creating permanent trust funds to benefit public education and having the State Treasurer, Secretary of State, and Attorney General oversee such funds was an idea that attracted widespread support right from the beginning. Ultimately, it became part of the original state constitution.

These trust funds were originally funded through federal land grants. Wisconsin received over 10 million acres of public lands to support public education and develop infrastructure. Most of these lands were sold in the 1800s, but one of the trust funds continues to grow through the addition of fines and forfeitures that accrue to the state.

Despite its name, BCPL has never managed Wisconsin state parks, forests, or natural areas. BCPL's job is to manage the trust funds for the benefit of public education. Although trust assets today still include some residual school trust lands, the name is more of an historical reference to where and how it started. Shortly after statehood, BCPL went to work investing the proceeds of those public land sales in Wisconsin by buying state and municipal bonds.

### **BCPL State Trust Fund Loan Program**

In 1871, the Wisconsin legislature enacted the State Trust Fund Loan Program allowing BCPL to loan money directly to municipalities, counties, and school districts without those borrowers having to jump through the complicated and expensive hoops of bond issuance.

This direct lending program provides a simple, competitively priced source of funding for borrowers, as well as a good, low-risk investment for the trust funds. After all these years, the program is still performing exactly as it was intended. Wisconsin counties and municipalities have been wonderful customers and we have never experienced a single loan default in the 149-year history of the program.

The State Trust Fund Program loans are either general obligations of the local taxing authority or revenue obligations supported by municipal project revenues. These loans can be used by local governments to finance any public purpose project in Wisconsin. Typically, counties use the loans for the following public purposes:

- Infrastructure – Funding road and bridge projects, land acquisition, construction or repair of county buildings, and other public works projects.
- Capital Equipment and Vehicles – Funding the purchase of fire trucks, public safety vehicles,

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road building and maintenance equipment, communication and computer systems, and other capital assets.

- Economic Development – Funding the acquisition and development of property for local businesses, environmental remediation and development incentives.
- Refinance – Refinancing existing county debt.

Trust fund loans could also be used to finance the settlement of property taxes with your other local taxing entities.

Borrowers appreciate that the BCPL loan application process is simple with no application fees, credit rating fees, or any other fees. No fees period. BCPL's interest rates are competitive; the interest rate is locked at the time of application and borrowers have up to four months to draw funds after the loan is approved. Additionally, interest does not accrue until funds are drawn. BCPL can also provide custom amortization schedules. If conditions change, borrowers can prepay their loan without any penalty. BCPL regularly finances public projects in all 72 Wisconsin counties. Virtually no project is too large or too small for the loan program.

So, what does this mean for the Wisconsin counties? BCPL is a great source for financing. It is a niche lender that understands the needs of its borrowers and every county is a potential borrower for the program.

But what really makes the loan program special is that more than 97% of the interest paid on the loans is returned to Wisconsin communities in the form of library aid to public schools. That is why BCPL is known as 'The Statewide Lender That Pays Local Dividends!' This year, BCPL distributed a record total of \$43.45 million across all 421 Wisconsin public school districts. \$5.25 million of that total was a supplemental distribution in response to the special demands on schools during the COVID-19

crisis. The funding was used to purchase computers, software, iPads, books, magazines, and other library materials. For most schools, this is the only money available for those items.

Interest from loans made from the principal of the other trust funds (the other 3%) is distributed to the UW to pay for various scholarships and educational programs.

## **Modernizing Investments, retaining our commitment to Wisconsin**

BCPL has recently adopted an investment policy that better diversifies trust assets. Although it is broadening its investment parameters, investing in Wisconsin communities will remain a significant share of the portfolio and an important part of the day-to-day operations.

To this day, BCPL is actively investing in Wisconsin communities through direct loans and bond purchases. Some communities may never realize the role BCPL has played in financing their project. Even when local governments do not use the Trust Fund Loan Program, BCPL has often invested in their community by buying municipal bonds. BCPL is one of the largest public lenders in Wisconsin. On any given day, we have hundreds of millions of dollars invested in loans and bonds issued by Wisconsin local governments.

## **The Short Story**

All told, BCPL manages over \$1.1 billion in trust funds, almost 80,000 acres of trust lands, and an archive of historic land records. BCPL does all this with a staff of 9.5 full-time employees. With the investment of the trust funds, the lending program, and the library aid distributions, BCPL takes great pride in making a difference in every community in the state, including yours. To learn more about us, visit [www.bcpl.wisconsin.gov](http://www.bcpl.wisconsin.gov). ♦