SMALL STATE AGENCY ACHIEVES BIG IMPACT WITH NO TAX DOLLARS

Trick question: What state agency operates without a single taxpayer dollar; generates all of the state’s K-12 public school library aids; is the largest single source of financing for municipal and school district projects in the State, and is a committed player in keeping Wisconsin forest lands available for sustainable timber production and public recreation?

If you guessed Wisconsin’s oldest state agency, the Board of Commissioners of Public Lands (BCPL), you guessed right.

A unique piece of Wisconsin history

Over 160 years ago, when our state’s forefathers were drafting the constitution for the new State of Wisconsin, they couldn’t agree on much. The Wisconsin Constitution was rewritten several times between December 1846 and February 1848. But the idea of creating the BCPL to manage and sell Federal land grants to create a stable base of financial support for K-12 schools and school libraries survived virtually intact until the constitution was approved by Wisconsin voters.

Federal land grants of over 1.5 million acres were sold by the BCPL to create the initial principal for the Common School Fund, with the earnings to be exclusively used to support and maintain common schools (now known as K-12 public schools) and “the purchase of suitable libraries and apparatus therefor.” The Fund continues to grow from the addition of the clear proceeds of fees, fines and forfeitures as prescribed in Article X, Section 2 of the Constitution.

Investing in the future of Wisconsin

Wisconsin is the only state to invest the Common School Fund in loans to towns, villages and counties that benefit the citizens of Wisconsin in two ways. First, we provide the financing to build local infrastructure and second, the interest paid on those funds is distributed as library aid to each of the state’s 426 public school districts.

Through the BCPL State Trust Fund Loan Program, Common School Fund monies are loaned to local communities and school districts for public purpose projects including:

- Economic development
- School buildings and repairs
- Local infrastructure and utility improvements
- Capital equipment and public vehicle purchases

Just within the past few years, BCPL State Trust Fund loans have been made in every county of the state. Towns have borrowed to finance road projects, town hall renovations, park improvements, installation
of fiber optic networks, the purchase of fire trucks and tractors, and many other public purposes. Towns are an important customer base for the BCPL State Trust Fund Loan Program, with 25% of all BCPL loans during 2009-2010 going to Wisconsin Towns.

With a simple application process, no fees, and competitive rates, it is no surprise that BCPL is the largest single funding source for municipal investments within the State of Wisconsin. But what really sets BCPL apart is that:

**More than 95% of interest paid on BCPL loans is returned to Wisconsin communities in the form of aid to public school libraries.**

For the majority of school districts throughout Wisconsin, this aid is the sole source of funding for library materials -- books, magazine and newspaper subscriptions, as well as computers and web-based resources.

BCPL's importance as a funding source for schools has grown in recent years, but generating revenue is only the beginning of trust stewardship. Today’s Board of Commissioners — Secretary of State Doug LaFollette, State Treasurer Kurt Schuller, and Attorney General J.B. Van Hollen—also has a constitutional duty to protect and enhance Trust assets, which include Trust Lands, and to preserve an extensive archive of historical records relating to the lands originally granted to the state.

**Land as legacy and investment**

The federal government granted Wisconsin and BCPL over 10 million acres—almost a third of the state—to support public education and develop the state’s infrastructure. The BCPL conveyed over 99% of such granted lands and today holds title to less than 80,000 acres. These lands remain a Trust asset and are managed - principally for timber production - as part of the Trusts’ investment portfolio, which also includes government bonds, loans to local governments and schools, and the State Investment Fund.

As a timber land manager, BCPL plays a relatively small but important role in the forest products industry and the state’s timber and tourism economy. Each year, about 75 to 85 percent of forest growth on productive upland sites is harvested, based on the agency’s comprehensive timber inventory. A portion of BCPL lands which meet DNR natural area criteria are deferred from logging. The agency has a history dating back the 1940’s of working with small family owned logging companies to harvest its timber. Timber sale proceeds are deposited into the School Trust Funds.
The agency was granted “land bank authority” in 2006 when a bi-partisan bill passed both houses of the legislature in unanimous votes. The goals of the bill were to increase BCPL’s timber production and management efficiency, transfer certain BCPL lands to the DNR, increase public access for hunting, fishing, trapping and public recreation; and increase local tax receipts for municipalities.

The law currently obligates the DNR to use a portion of the Stewardship Fund to purchase land from BCPL, which uses the proceeds of those sales to invest in timber lands. Both agencies have benefited by the management efficiencies that land consolidation has helped accomplish. Since the laws inception BCPL has increased the percentage of lands managed for timber by over 10%, while the DNR has gained nearly 8,000 acres of important wildlife habitat.

With its lands, loan program, archive, and support of public school libraries, the Board of Commissioners of Public Lands takes great pride in making a difference in every corner of Wisconsin—including yours—without a single penny of tax revenue. To learn more about us, visit www.bcpl.wisconsin.gov.