



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2005 Assembly Bill 167

Assembly Amendment 1

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Assembly Bill 167 relates to the investment by school districts of funds held in trust to provide post-employment benefits. Current law restricts the manner in which a school district may invest its funds.

Assembly Bill 167 expands the investment authority and delegation of investment authority for all school districts with respect to funds that are held in trust, other than funds held in the Public Employee Trust Fund (ETF), solely to provide any of the following benefits: (1) post-employment health care benefits provided either separately or through a defined benefit pension plan; and (2) other post-employment benefits provided separately from a defined benefit pension plan.

Under the legislation, all school districts would have the same investment authority and delegation of investment authority that the Milwaukee Public Schools (MPS) has under current law with respect to funds held in trust for MPS's non-ETF qualified pension plans. Thus, with respect to such post-employment benefit trust funds, any school district is authorized to: (1) invest and reinvest the funds authorized under the Uniform Prudent Investor Act; and (2) delegate its investment authority over such funds to an investment manager who: (a) meets the requirements and qualifications specified in the trusts investment policy; and (b) is registered as an investment advisor under the Federal Investment Advisor's Act.

Assembly Amendment 1

Assembly Amendment 1 sets forth certain procedural requirements that school boards must follow in establishing post-employment trust funds.

1. The amendment provides that a school board may not *discuss or vote* on establishing a trust fund to provide post-employment benefits unless the *notice* of the school board meeting at which the discussion or vote may occur includes the issue as a separate agenda item.

2. The amendment also requires that the report prepared for the annual meeting of common school boards must include certain information relating to the post-employment benefit investments. Specifically, the report must state: (a) the amount in the trust; (b) the investment return earned by the trust since the last annual meeting; (c) the total of total disbursements made from the trust since the last annual meeting; and (d) the name of the investment manager, if investment authority has been delegated to such a manager.

Legislative History

Assembly Bill 167 was introduced by Representative Towns and others, cosponsored by Senator Olsen and others and referred to the Committee on Education on March 3, 2005. A public hearing was held on the bill on March 22, 2005. At an executive session on April 19, 2005, the Assembly Education Committee voted to introduce Assembly Amendment 1 on a vote of Ayes, 11; Noes, 0. The committee voted to adopt Assembly Amendment 1 on a vote of Ayes, 10; Noes, 1. The committee then voted to recommend passage of the bill, as amended, on a vote of Ayes, 11; Noes, 0.

RW:jal