



# STATE OF WISCONSIN

# Assembly Journal

## Ninety–Third Regular Session

WEDNESDAY, December 2, 1998

The Chief Clerk makes the following entries under the above date:

### COMMUNICATIONS

State of Wisconsin  
Revisor of Statutes Bureau  
Madison

**DATE:** December 1, 1998

**TO:** Charles Sanders  
Assembly Chief Clerk

Donald J. Schneider  
Senate Chief Clerk

**FROM:** Gary L. Poulson  
Deputy Revisor of Statutes

**SUBJECT:** Rules published in the November 30, 1998,  
Wisconsin Administrative [Register, No. 515](#).

The following rules have been published:

<a href="#">Clearinghouse Rule 95–223</a>	effective	12–1–98 (part)
<a href="#">Clearinghouse Rule 97–131</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–044</a>	effective	1–1–99
<a href="#">Clearinghouse Rule 98–054</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–057</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–061</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–062</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–063</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–064</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–069</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–087</a>	effective	12–1–98
<a href="#">Clearinghouse Rule 98–088</a>	effective	12–1–98

### REFERRAL OF AGENCY REPORTS

State of Wisconsin  
Department of Administration  
Division of Gaming  
Madison

November 20, 1998

To the Honorable, the Legislature:

Included with this correspondence, I am submitting the quarterly report of the Department of Administration, Division of Gaming (Gaming), for the three months ending September 30, 1998. As required by s.562.02(1)(g), Wis. Stats., the attached materials contain pari–mutuel wagering and racing statistical information, as well as the revenues and expenditures for Gaming’s Racing, Charitable Gaming and Indian Gaming programs.

If you have any questions or comments regarding this report, please do not hesitate to contact me at (608) 270-2560.

Sincerely,  
*F. SCOTT SCEPANIAC*  
Administrator

Referred to committee on **State Affairs**.

State of Wisconsin  
Department of Employment Relations  
Madison

November 30, 1998

To the Honorable, the Assembly:

Please find enclosed four documents from the Education Commission of the States (ECS):

1. 1997-98 Annual Report;
2. Highlights of the 1997-98 Annual Report;
3. 1998 Education Agenda; and
4. A copy of ECS’s bylaws with amendments.

The ECS is required to file these with your office to meet its statutory requirements under ss. [39.75](#) and [39.76](#), Wis. Stats. If there are any questions, please call me at 266-9820.

Sincerely,  
*JON E. LITSCHER*  
Secretary

Referred to committee on **Education**.

**AGENCY REPORTS**

State of Wisconsin  
Wisconsin Housing and Economic  
Development Authority  
Madison

November 1, 1998

To the Honorable, the Legislature:

Pursuant to Wisconsin Statute 234.93(5), please find enclosed a report on the number of guarantees, total dollar amount of guarantees and default rates for each of the programs supported by the Wisconsin Development Reserve Fund. Please note that the report also includes Wisconsin Development Reserve Fund program activity in fiscal 1998. Please feel free to contact me or Jim Langdon at 266-3529 with any questions.

Sincerely,  
*FRITZ RUF*  
Executive Director

State of Wisconsin  
Ethics Board  
Madison

November 20, 1998

To the Honorable, the Assembly:

I am pleased to provide you with the accompanying report of the State of Wisconsin Ethics Board's activities for the year July 1997 through June 1998. This report provides information on the Board's operations and contains the texts of Wisconsin's Ethics Code and lobbying law. It also includes a description of complaints and investigations pursued by the Ethics Board, and summaries of advisory opinions issued by the Board during the year.

Sincerely,  
*R. ROTH JUDD*  
Executive Director

State of Wisconsin  
Department of Employment Relations  
Madison

November 20, 1998

To the Honorable, the Legislature:

We are pleased to report that the 1998 Summer Affirmative Action Intern Program (SAAIP) was a success. This summer, 121 students were placed in 27 State agencies and University campuses throughout the State of Wisconsin. We appreciate your commitment and support in providing racial/ethnic minorities, women, and students with disabilities with valuable training, experience and exposure to state

government that will enhance their career employment possibilities.

The 1998 SAAIP Report is enclosed. The report includes statistical data, evaluation results, and recommendations for program improvements. These recommendations were based on comments received from student interns and their supervisors, State Agency and University Affirmative Action Officers, SAAIP Coordinators, Personnel Directors, Department Heads, and University Chancellors. We expect to implement many of these recommendations for the 1998 Summer Affirmative Action Intern Program.

If you have any additional comments or suggestions to improve the program for next year, please contact Claire Dehnert, SAAIP Coordinator, at (608) 267-1005 or email [cdehnert@mail.state.wi.us](mailto:cdehnert@mail.state.wi.us).

Thank you for your support and cooperation. We look forward to continued success in 1999.

Sincerely,  
*JON E. LITSCHER*  
Department of Employment Relations  
*GREGORY C. JONES*  
Division of Affirmative Action

State of Wisconsin  
Investment Board  
Madison

November 23, 1998

To the Honorable, the Legislature:

Section 25.17(14r) of the Statutes requires that the State of Wisconsin Investment Board (SWIB) submit a report to the Joint Committee on Audit, Joint Committee on Finance and the Chief Clerks of each House summarizing any change in the Board's investment policies, upon adoption of the change.

On October 6, 1998 the Board approved modifications to the Investment Policy Guidelines for SWIB's international equity portfolio of the Wisconsin Retirement System (WRS) and the EdVest Tuition Trust Fund. The changes are indicated on the attached copy of the guidelines. Additions to the previous guidelines are shaded and deletions are the stricken material.

**International Equities Portfolio**

The Board's action deleted a five-part test that had been performed on all publicly traded equities prior to their purchase by the international equities portfolios. The Board previously approved this same change for our domestic stock portfolios. Our experience has shown that this test was not an effective measure of investment risk. As a practical matter, few companies failed to meet the criteria. In addition, compliance with some aspects of the requirements was difficult to document. As a result, the test could not be readily automated for monitoring purposes.

The policy change approved by the Board allows the Investment Director to purchase any publicly traded issue that

has a market capitalization of at least \$100 million and that has been traded for at least 24 months, subject to customary due diligence and analysis. SWIB staff will be required to complete a full investment analysis and report prior to the purchase of any issue of less than \$100 million or that has been traded for less than 24 months.

The Board also modified investment guidelines to permit up to 10 % of the international equities portfolio to be invested in U.S. equity securities. The domestic equities guidelines already contain companion authority to invest a portion of those assets in international stocks. On occasion, a non-U.S. company in the international portfolio merges with a U.S. company or non-U.S. company moves its domicile to the U.S. Given the increasingly global nature of the economy, it is prudent for the international equities portfolio to have limited authority to directly invest in U.S. companies.

**EdVest Tuition Trust Fund**

Investment guidelines permit the EdVest Tuition Trust Fund to purchase government and corporate bonds. The guidelines for corporate bond purchases were modified to create investment limits by sector of the economy. Previously, investment limits were set by industry. (Industries are

subcategories within sectors. For example, "food" is an industry within the "consumer goods" sector.) After consultation with the Department of Administration, the guidelines were changed to more effectively manage the Fund.

The previous guidelines were not as effective due to the relatively small size of the Tuition Trust Fund. By utilizing sector weightings, the portfolio may make purchases in round lots, avoiding the use of the over-priced odd lot market. This change in policy will continue to provide the Fund with sufficient diversification of assets while keeping transaction costs to a minimum.

The guidelines were also modified to substitute the Lehman Brothers Investment Grade Corporate Index for the Merrill Lynch All Corporate Index as the source of sector weightings. The Lehman Index is more consistent with the different bond segments commonly used in fixed income markets today.

Please contact me if you have any questions about this report.

Sincerely,  
*PATRICIA LIPTON*  
Executive Director