

Fiscal Estimate Narratives

INV 1/9/2004

LRB Number	03-3754/3	Introduction Number	AB-740	Estimate Type	Original
Subject					
Certain duties and powers of the investment board					

Assumptions Used in Arriving at Fiscal Estimate

AB 740 (LRB 3754/3) contains two provisions that affect the Investment Board. The first combines two required reports to the legislature to be combined into one. Current law requires SWIB to submit a report to the Legislature on January 1 on the Investment Board's investment goals and strategies and a second report by March 31 that describes progress in meeting its goals, performance and Wisconsin investments. The bill combines the two reports into one, which makes it easier to understand the relationship between the Investment Board's strategies and performance. This change will have no effect on the agency's operating budget.

The second concerns the types of investment that external managers may invest. Under current law, SWIB may contract with external managers to invest the assets in certain types of investments, including "foreign" corporate and government debt. Because of the restriction to "foreign" debt, it precludes domestic (US only) or global (including both US and non-US) debt investments. The bill expands the permissible investments to all types of debt. If SWIB contracts with an external manager, the fees paid to an external manager will be charged back to the fund. This change will have no effect on the agency's operating budget.

Long-Range Fiscal Implications

None