



STATE OF WISCONSIN Assembly Journal

Ninety-Sixth Regular Session

TUESDAY, December 21, 2004

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

SPEAKER'S APPOINTMENTS

December 15, 2004

Representative John Townsend
22 West
State Capitol
Madison, Wisconsin

Dear Representative Townsend:

Representative Freese is unable to attend the meeting of the Assembly Committee on Electronic Democracy and Government Reform on December 15, 2004. Representative Mark Gottlieb will substitute for Representative Freese in that meeting.

Sincerely,
JOHN G. GARD
Speaker

REFERRAL OF AGENCY REPORTS

State of Wisconsin
Department of Administration
Madison

November 30, 2004

To the Honorable, the Legislature:

This report is transmitted as required by s. 20.002(11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172(3), Wisconsin Statutes), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative cash balances during the month of October 2004.

On October 1, 2004, the **Medical Assistance Trust Fund** cash balance closed at its intramonth low of a negative \$195.9 million. The fund's negative cash balance continued through October 31, 2004, when the fund's cash balance closed at a negative \$191.7 million. The deficit is due to federal revenues falling short of estimates included in [2003 Wisconsin Act 33](#).

On October 1, 2004, the **Agricultural Chemical Cleanup Fund** cash balance closed at a negative \$10.0 thousand. The fund's negative balance continued through October 31, 2004, when the fund's cash balance closed at a negative \$5.0 thousand. The negative balance was due to the difference in the timing of revenues and expenditures.

The Medical Assistance Trust Fund and the Agricultural Chemical Cleanup Fund shortfalls were not in excess of the statutory interfund borrowing limitations and did not exceed the balances of the funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,
MARC J. MAROTTA
Secretary

Referred to committee on **Ways and Means**.

State of Wisconsin
College Savings Program Board
Madison

November 30, 2004

To the Honorable, the Assembly:

We are pleased to submit the EDVEST College Savings Program Annual Report for the 2003-2004 Fiscal Year ending June 30, 2004. This seventh annual report includes summaries of an actuarial valuation and a program audit as well as discussion of the key developments in the program over the past fiscal year. The program experienced continued significant growth and success in FY04. As of June 30, we were meeting the college savings needs of nearly 180,000 families nationwide with over \$1.1 billion in assets under management.

The most significant event of the year for the program was New York Attorney General Elliot Spitzer's widespread investigation into trading practices in the mutual fund industry. Strong Capital Management, Inc. which serves as EDVEST's program manager was named in the investigation and reached a settlement with regulators in May 2004. In response to the mutual fund investigations, the Board and the

Department of Administration hired an independent consultant to recommend four mutual fund options from companies other than Strong, and worked with Strong to make them available as part of the EdVEST program. Beginning December 15, 2003 EdVEST participants were able to select among the Vanguard Stock Index portfolio, Vanguard Balanced portfolio, Legg Mason Aggressive portfolio and Robert W. Baird Bond portfolio in addition to six Strong portfolios. From December 15, 2003 to June 30, 2004 assets in the four popular new investment options grew to \$143.4 million.

The College Savings Program Board and EdVEST staff look forward to continued growth with quality service to participants in this exciting program. If you have any questions regarding the EdVEST Annual Report, please contact Marty Olle at 264-7886.

Sincerely,
SENATOR ALBERTA DARLING
Chair, College Savings Program Board
STATE TREASURER JACK C. VOIGHT
Vice-Chair, College Savings Program Board

Referred to committee on **Colleges and Universities**.

State of Wisconsin
Office of State Employment Relations
Madison

November 2004

To the Honorable, the Legislature:

The Written Hiring Reasons Report for Wisconsin State Government is enclosed. The report, covering the period July 1, 2003, through June 30, 2004, is required under ss. [230.25 \(1p\)](#) and [230.27 \(2k\)](#), Wis. Stats. The law requires "written hiring reasons" for certain hiring transactions and requires the Office of State Employment Relations to summarize the hiring reasons and prepare the report. Retrospectively, this information can be useful as a monitoring tool for your agency's classified and project appointments. Prospectively, you may want to use the information for plans of action in 2005 and beyond.

Information for this report came from summary information provided by each agency and the entire UW System. Your efforts and cooperation in compiling the summary reports are greatly appreciated. The report includes a synopsis of the information provided by each state agency and UW System unit.

If you have questions, please contact Claire Dehnert, Division of Affirmative Action, at (608) 267-1005 or e-mail claire.dehnert@oser.state.wi.us.

Sincerely,
KAREN E. TIMBERLAKE
Director

Referred to committee on **Labor**.

State of Wisconsin
Technical College System
Madison

December 7, 2004

To the Honorable, the Legislature:

This letter certifies that all sixteen Wisconsin Technical Colleges have provided sexual assault and harassment orientation, material and information to students as required under state statute 38.12 (11) for the 2004-2005 school year.

Individual college letters assuring compliance are on file in our office at this time. If you have any questions or need additional information, please contact Linda Fahey, System Equal Opportunity Officer, of my staff at 267-2479

Sincerely,
DANIEL CLANCY
Interim President

Referred to committee on **Colleges and Universities**.

State of Wisconsin
Department of Revenue
Madison

December 10, 2004

To the Honorable, the Legislature:

I am submitting the quarterly report of the Wisconsin Lottery for the quarter ending September 30, 2004. As required by § [565.37\(3\)](#), Wis. Stats., the attached materials contain unaudited Wisconsin Lottery year to date Revenue and Expenditure information.

Operating revenues for the quarter were \$105.4 million, down from \$123.2 million for the same quarter last year. The decrease is attributable to two large Powerball jackpots in FY 2003-2004 that did not occur in FY 2004-2005.

The information reported here is a summary and is not intended to be a complete financial accounting of Wisconsin Lottery operations.

If you have any questions or comments regarding this report, please feel free to contact me at (608) 266-6466.

Sincerely,
MICHAEL L. MORGAN
Secretary

Referred to committee on **State Affairs**.

State of Wisconsin
University of Wisconsin System
Madison

December 13, 2004

To the Honorable, the Legislature:

The 1999-2001 State of Wisconsin Biennial Budget, [1999 Wisconsin Act 9](#), included a provision to change the

University of Wisconsin System's appropriation for tuition and fee revenues (Academic Student Fees, Fund 131) from an annual, sum certain appropriation to a continuing appropriation.

Wisconsin Act 9 required the Board of Regents to report annually, beginning on December 15, 2000, the amount by which actual expenditures in the previous fiscal year, in this case 2003-04, exceeded the amount in the schedule for that appropriation in the previous fiscal year. That report, including the purposes for which the additional revenues were spent and the amount spent for each purpose, is attached. The Board of Regents approved this report for submission at its December 10, 2004 meeting.

Please contact Lynn Paulson at (608) 263-7481, if you have any questions related to this report.

Sincerely,
DEBORAH A. DURCAN
Vice President of Finance

Referred to committee on **Colleges and Universities.**

State of Wisconsin
Department of Administration
Madison

December 15, 2004

To the Honorable, the Legislature:

This report is transmitted as required by s. 20.002(11)(f), Wisconsin Statutes, (for distribution to the appropriate standing committees under s. 13.172(3), Wisconsin Statutes), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative cash balances during the month of November 2004.

On November 1, 2004, the **Medical Assistance Trust Fund** cash balance closed at its intramonth low of a negative \$191.7 million. The fund's negative cash balance continued through November 30, 2004, when the fund's cash balance closed at a negative \$187.8 million. The deficit is due to federal revenues falling short of estimates included in [2003 Wisconsin Act 33](#).

On November 1, 2004, the **Agricultural Chemical Cleanup Fund** cash balance closed at a negative \$5.0 thousand. The fund's negative balance continued until November 26, 2004, when the fund's cash balance closed at a positive \$9.0 thousand. The negative balance was due to the difference in the timing of revenues and expenditures.

On November 17, 2004, the **Tuition Trust Fund** cash balance closed at a negative \$13.0 thousand. The fund's negative cash balance continued through November 30, 2004, when the fund's cash balance closed at a negative \$14.0 thousand. The negative balance was due to the difference in the timing of revenues and expenditures.

The Medical Assistance Trust Fund, the Agricultural Chemical Cleanup Fund and the Tuition Trust Fund shortfalls were not in excess of the statutory interfund borrowing limitations and did not exceed the balances of the funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by the State Controller's Office will automatically reflect the use of these temporary reallocations of balance authority, and as a result, the funds requiring the use of the authority will effectively bear the interest cost.

Sincerely,
MARC J. MAROTTA
Secretary

Referred to committee on **Ways and Means.**

AGENCY REPORTS

State of Wisconsin
Legislative Audit Bureau
Madison

December 8, 2004

To the Honorable, the Legislature:

As requested by the Joint Legislative Audit Committee, we have completed an evaluation of the assessment of manufacturing property by the Department of Revenue (DOR). In 2003, approximately 11,000 manufacturers paid \$292.7 million in property taxes, accounting for 4.1 percent of all property tax revenue received by local governments.

DOR assesses the value of manufacturing property by inspecting properties and reviewing forms submitted by manufacturers. As of January 2004, 41.5 full-time equivalent employees in five district offices completed these and other related tasks at an annual cost of approximately \$2.8 million. We reviewed the methods DOR uses to establish the value of manufacturing property and found that while these methods are generally consistent with statutory directives, differences in practices exist across the districts. We include a recommendation that DOR report to the Audit Committee on its analysis of these differences.

Although s. 70.995(7)(b), Wis. Stats., requires field audits to be conducted at least once every five years, DOR is not meeting the requirement. We estimate DOR would need nearly seven years to complete field audits for all manufacturing properties, based on current procedures and staffing levels. Reasons for this include an inefficient assessment process, an increase in appeals, and a decrease in staff. We include a recommendation that DOR improve its tracking of field audits, prioritize its field audit workload, and automate functions where possible in order to increase efficiency.

We appreciate the courtesy and cooperation extended to us by DOR staff. The agency's response follows the appendices.

Respectfully submitted,
JANICE MUELLER
State Auditor

State of Wisconsin
Legislative Audit Bureau
Madison

December 14, 2004

To the Honorable, the Legislature:

At the request of the departments of Commerce and Administration, and to meet our audit responsibilities under s. 13.94, Wis. Stats., we have completed a financial audit of the State of Wisconsin Petroleum Inspection Fee Revenue Obligations Program for the fiscal years ending June 30, 2004, and June 30, 2003. We were able to express our unqualified opinion on the Statement of Changes in Program Assets and related notes.

Under the Petroleum Inspection Fee Revenue Obligations Program, the State issues revenue obligations, such as bonds and commercial paper, to provide financing for payment of

claims under the Wisconsin Petroleum Environmental Cleanup Fund Award (PECFA) program. The obligations are not general obligation debt of the State. Instead, the revenue obligations are to be repaid from the \$0.03 per gallon fee charged suppliers for petroleum products sold in Wisconsin and collected by the Department of Revenue.

Between January 2000, when the Petroleum Inspection Fee Revenue Obligations Program was created, and June 30, 2004, the State issued \$387.6 million in revenue obligations to pay PECFA claims and to address a backlog of approved but unpaid PECFA claims. The backlog of PECFA claims from prior years has largely been eliminated, and as of June 30, 2004, only \$3.9 million in approved claims were awaiting payment and approximately \$12.1 million in additional claims had been received but not yet approved for payment. In addition, landowners had incurred an estimated \$66.2 million in costs for which reimbursement claims had not yet been submitted.

We appreciate the courtesy and cooperation extended to us during the audit by staff of the departments of Commerce, Administration, and Revenue.

Respectfully submitted,
JANICE MUELLER
State Auditor