

STATE OF WISCONSIN  
**Senate Journal**  
Ninety–Sixth Regular Session

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WEDNESDAY, December 8, 2004

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

**PETITIONS AND COMMUNICATIONS**

**State of Wisconsin**

December 2, 2004

The Honorable, The Senate:

I resign my position as Assistant Senate Majority Leader effective as of Noon, December 2, 2004. I appreciate the opportunity to serve my colleagues and our state.

Sincerely,

MARY LAZICH  
State Senator

**State of Wisconsin  
Legislative Audit Bureau**

December 8, 2004

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.

Sincerely,

JANICE MUELLER  
State Auditor

**State of Wisconsin  
Department of Administration**

November 30, 2004

The Honorable, The Legislature:

This report is transmitted as required by sec. 20.002(11)(f) of the 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 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 cash 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 the joint committee on **Finance**.

**State of Wisconsin  
College Savings Program Board**

November 30, 2004

The Honorable, The Senate:

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

**State of Wisconsin  
Office of State Employment Relations**

November 2004

The Honorable, The Senate:

I am pleased to submit the Veterans Employment Report for July 1, 2003, to June 30, 2004. The report, pursuant to s. [230.04\(9\)\(em\)](#), Wis. Stats, summarizes veteran new hires and employee statistics for state agencies and units of the University of Wisconsin System.

Please contact Demetri Fisher, Administrator of the Division of Affirmative Action, at 266-3017 or email: [Demetri.fisher@oser.state.wi.us](mailto:Demetri.fisher@oser.state.wi.us) if you have any questions or need additional information regarding the report.

Sincerely,

DEMETRI FISHER  
Administrator