



STATE OF WISCONSIN Assembly Journal

Ninety-Seventh Regular Session

WEDNESDAY, November 1, 2006

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

COMMUNICATIONS

State of Wisconsin
Revisor of Statutes Bureau
Madison

DATE: November 1, 2006

TO: Patrick E. Fuller
Assembly Chief Clerk

Robert Marchant
Senate Chief Clerk

FROM: Gary L. Poulson
Assistant Revisor of Statutes

SUBJECT: Rules published in the October 31, 2006,
Wisconsin Administrative [Register, No. 610](#).

The following rules have been published:

Clearinghouse Rule 05-108	effective	11-01-2006
Clearinghouse Rule 05-111	effective	11-01-2006
Clearinghouse Rule 06-008	effective	11-01-2006
Clearinghouse Rule 06-021	effective	11-01-2006
Clearinghouse Rule 06-022	effective	11-01-2006
Clearinghouse Rule 06-027	effective	11-01-2006
Clearinghouse Rule 06-031	effective	11-01-2006
Clearinghouse Rule 06-043	effective	11-01-2006
Clearinghouse Rule 06-050	effective	11-01-2006
Clearinghouse Rule 06-052	effective	11-01-2006

REFERRAL OF AGENCY REPORTS

State of Wisconsin
Department of Health and Family Services
Madison

October 9, 2006

To the Honorable, the Legislature:

The Department of Health and Family Services operates BadgerCare under section 49.665 of the Wisconsin Statutes. Under this section of the statutes, the Department is also

required to submit a report to the Legislature summarizing the BadgerCare program and its progress. In fulfillment of this statutory requirement, the Department is providing the Legislature with the enclosed report recently completed for the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS).

This report was originally prepared under terms of the federal waiver agreement authorizing the BadgerCare program. Under terms of our federal waiver, the Department of Health and Family Services agreed to provide the Centers for Medicare and Medicaid Services with ongoing evaluations of BadgerCare and its operation. This report, completed in March 2006, represents the most recent study of BadgerCare.

As you will see through the report, BadgerCare is a very successful program that leverages significant amounts of federal funding to directly support health care coverage for eligible Wisconsin residents. Through BadgerCare 29,000 children and 66,000 adults are obtaining access to needed health care services. Due in large part to BadgerCare, Wisconsin enjoys one of the lowest levels of uninsured populations in the nation. As demonstrated in the report, BadgerCare provides a high quality of care. I am pleased to report that BadgerCare is having a powerful impact on the quality of life in Wisconsin.

Sincerely,
HELENE NELSON
Secretary

Referred to committee on **Health**.

State of Wisconsin
State of Wisconsin Investment Board
Madison

October 10, 2006

To the Honorable, the Legislature:

Since the enactment of s. [25.17 \(14r\)](#), Stats., as a part of [1995 Wisconsin Act 274](#), the Investment Board has provided you with a copy of all changes the Trustees adopt to investment policies and guidelines. The guidelines we have filed have dealt with assets invested by internal investment managers.

When the law was enacted, most assets under the Investment Board's management were invested by our internal staff. However, as funds have grown and markets have changed, the Board has further diversified how assets are managed and

invested. This was done to take advantage of market changes and to achieve optimum returns while still controlling the risk. Today, the majority of assets in the Wisconsin Retirement System are invested externally. This includes both active external management, where the investments are held in SWIB's name, and commingled funds (e.g., index funds), where SWIB's assets are combined with other investors' assets and invested in the name of the commingled fund.

The Investment Board's direct investments managed by external managers are governed by a contract between the investment manager and the Investment Board. Each of these contracts includes investment guidelines established by SWIB's internal Investment Committee within investment limits set by applicable laws. These guidelines are tailored for a specific external manager to take advantage of the manager's unique skills.

The statute requires SWIB to file changes in the Board's investment policies or guidelines. While it does not appear to require the filing of guidelines included in contracts with external managers, in the interest of full disclosure and because the number of external managers has grown, we decided to file the contractual procedures and guidelines for the external managers, as well as the Board's policies and procedures for internal managers. I have enclosed the part of each contract with an external manager that includes the current procedures and guidelines for the specific external manager. When future amendments are made, I will provide you with both a red-lined copy and clean copy to show the amendments.

Please call either Jane Hamblen (266-8824), Chief Legal Counsel, or Sandy Drew (261-0182), Legislative Liaison, if you have questions.

Sincerely,
DAVID C. MILLS
Executive Director

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

State of Wisconsin
Medical College of Wisconsin
Milwaukee

October 12, 2006

To the Honorable, the Legislature:

Enclosed is the biennial report of the Medical College of Wisconsin, prepared according to the statutory requirement under section 13.106. This report contains information in the following areas:

- * The financial status of the family practice residency sites.
- * The number of family practice residents choosing to practice in medically underserved areas of the state upon graduation.
- * The number of graduates entering family practice as a career.

Please feel free to contact me at 414-456-8217 if you have any questions or would like additional information.

Sincerely,
KATHRYN A. KUHN
Director of Government Affairs

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

State of Wisconsin
Department of Administration
Madison

October 31, 2006

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 September 2006.

On September 6, 2006, the General Fund cash balance closed at a negative \$44.7 million. This negative balance continued through September 8, 2006, when the fund's cash balance closed at a positive \$0.1 million. On September 18, 2006, the General Fund cash balance closed at a negative \$100.8 million. This negative balance continued through September 20, 2006, when the fund's cash balance closed at a positive \$191.2 million. The negative balances were due to the difference in the timing of revenues and expenditures.

The General Fund shortfall was 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,
STEPHEN E. BABLITCH
Secretary

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

State of Wisconsin
Department of Natural Resources
Madison

October 31, 2006

To the Honorable, the Legislature:

In fulfillment of the requirements under s. 299.80 (16), Wisconsin State Statutes, I am submitting to you a copy of the

Environmental Cooperation Pilot Program 2006 Progress Report. Please distribute as appropriate. I am also providing a copy of the Report to the Governor and to the Honorable Chief Clerk of the Senate.

For more information on the Environmental Cooperation Pilot Program or additional copies of this report, please contact Mark McDermid at (608) 267-3125 or visit our web site at www.dnr.state.wi.us/org/caer/cea/ecpp/index.htm. Here is a link to the report: www.dnr.state.wi.us/org/caer/cea/ecpp/reports/index.htm.

Sincerely,
SCOTT HASSETT
Secretary

Referred to committee on **Natural Resources**.

State of Wisconsin
Department of Revenue
Madison

October 30, 2006

To the Honorable, the Legislature:

I am submitting the quarterly report of the Wisconsin Lottery for the quarter ending June 30, 2006. As required by s. [565.37\(3\)](#), Wis. Stats., the attached materials contain unaudited Wisconsin Lottery year to date Revenue and Expenditure information.

This past fiscal year the Lottery had its second best year ever, with \$509 million in sales, resulting in \$149.5 million in property tax relief for Wisconsin homeowners.

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
Department of Revenue
Madison

October 30, 2006

To the Honorable, the Assembly:

I am submitting the quarterly report of the Wisconsin Lottery for the quarter ending September 30, 2006. As required by s. [565.37\(3\)](#), Wis. Stats., the attached materials contain unaudited Wisconsin Lottery year to date Revenue and Expenditure information.

First quarter sales were \$119.6 million, up 10 per cent from a year ago, generating an estimated \$36.9 million in property

tax relief. While these results are very good, the Lottery does not project similar results for the second quarter of FY 07. This is because sales in the second quarter of FY 06 were driven by a very large Powerball jackpot of \$340 million.

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**.

AGENCY REPORTS

State of Wisconsin
Legislative Audit Bureau
Madison

October 13, 2006

To the Honorable, the Assembly:

We have completed an evaluation of the University of Wisconsin (UW) System's personnel policies and practices, as requested by the Joint Legislative Audit Committee. In September 2005, UW System had approximately 42,000 employees, including 28,100 unclassified staff who are primarily administrative, professional, and research personnel, senior administrators, and faculty.

We found that UW System's unclassified staff, and particularly faculty, reported using considerably less sick leave use than other UW System employees. For example, in 2005, 45.2 percent of all UW System employees who earned sick leave reported using none. During the same period, 77.1 percent of faculty reported no sick leave use. Accumulated unused sick leave is converted at retirement to credits that can help pay for health insurance. UW System employees who retired in 2005 converted an average of \$112,000, and faculty converted an average of \$222,100. We include a recommendation for the Board of Regents to consider modifying how sick leave use is reported within UW System.

UW System employees who are limited appointees serve at the pleasure of their appointing authority. In the past, limited appointees could move from their limited appointments to back-up positions. As of December 2005, 1,088 limited appointees held back-up positions. The number of position titles designated as limited appointments has been reduced by the Board of Regents, but its policies allow exceptions. To ensure their proper application, we include a recommendation for the Board of Regents to report to the Legislature on both the additional position titles UW System has designated as limited appointments and the job protections available to those who hold them.

"Consultant" is a position title for certain UW System employees. System policies do not limit salaries paid to unclassified consultants who are unclassified staff. We found

instances in which consultants' salaries exceeded the pay ranges for positions with similar responsibilities. We include a recommendation for UW System to report more complete information on all of its consultants, including the duration of their employment.

We appreciate the courtesy and cooperation extended to us by staff throughout UW System. A response from the UW System President follows the appendices.

Respectfully submitted,
JANICE MUELLER
State Auditor

State of Wisconsin
Department of Administration
Madison

October 15, 2006

To the Honorable, the Legislature:

This report presents statements of fund condition and operations (budgetary basis) of the State of Wisconsin for the fiscal year ended June 30, 2006. This satisfies the requirements of sec. 16.40(3), Wisconsin Statutes. Displayed are major sources of revenues and major categories of expenditures for the General Fund and other funds compared to the prior year.

The General Fund has an undesignated balance of \$49.2 million as of the end of the fiscal year. This is \$38.0 million higher than the balance of \$11.2 million projected in the Final

Chapter 20 summary issued in June 2006. The higher ending balance was due to higher tax collections.

General-purpose revenue taxes were \$12.030 billion compared to \$11.397 billion in the prior year, an increase of \$633 million or 5.6 percent. This increase was \$80.5 million higher than the Final Chapter 20 summary of \$11.950 billion. General-purpose-revenue expenditures, excluding fund transfers, were \$12.385 billion compared to \$11.859 billion in the prior year, an increase of \$526 million or 4.4 percent. This increase reflects funding associated with implementing support for two-thirds of local school costs and the property tax freeze.

In fiscal year 2006, the State of Wisconsin continued to devote the major share of state tax collections to assistance to local school districts, municipalities and counties. Local assistance accounted for 58.7 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 18.8 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 8.0 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 14.5 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2006. The report will be prepared under generally accepted accounting principles.

Respectfully submitted,
STEPHEN E. BABLITCH
Secretary
WILLIAM J. RAFTERY
State Controller