



# STATE OF WISCONSIN Assembly Journal

## Ninety–Second Regular Session

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MONDAY, August 21, 1995

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

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### ADMINISTRATIVE RULES

#### **Assembly Clearinghouse Rule 92–55**

Relating to group day care centers.  
Submitted by Department of Health and Social Services.  
Report received from agency on August 14, 1995.  
To committee on Children and Families.  
Referred on August 21, 1995.

#### **Assembly Clearinghouse Rule 95–67**

Relating to emergency assistance for low-income families and eligibility for the aid to families with dependent children program.  
Submitted by Department of Health and Social Services.  
Report received from agency on August 16, 1995.  
To committee on Welfare Reform.  
Referred on August 21, 1995.

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### INTRODUCTION AND REFERENCE OF PROPOSALS

Read first time and referred:

#### **Assembly Bill 513**

Relating to: petitions for referenda on the issuance of school district promissory notes.  
By Representatives Huber, Springer, Grothman, Ziegelbauer, Zukowski, Cullen, Powers, Hanson and Seratti; cosponsored by Senators Decker, Breske and Moen.  
To committee on Elections and Constitutional Law.

#### **Assembly Bill 514**

Relating to: appraisals of tax–delinquent property.  
By Representatives Albers, Seratti, Freese, Ainsworth and Gronemus; cosponsored by Senator Schultz.  
To committee on Ways and Means.

#### **Assembly Bill 515**

Relating to: reduction of demerit point assessments for state and local traffic law violations, traffic safety refresher courses and operating privilege revocations, and granting rule–making authority.  
By Representatives Carpenter, Boyle and Notestein.  
To committee on Highways and Transportation.

#### **Assembly Bill 516**

Relating to: the authority of counties, towns, villages and cities to enact ordinances regulating the purchase, possession, sale or giving of cigarettes and tobacco products.  
By Representatives Walker, Ladwig, Bock, Urban, Underheim, Duff, Freese, F. Lasee, Goetsch, Kelso, Riley, Grobschmidt, Turner, La Fave, Wasserman, Morris–Tatum, Krusick, Gard, Ward, Ott, Vrakas, Zukowski, Ryba, Ainsworth, Cullen, Bell, Hanson, Kreibich, Brandemuehl, Albers, Plache, Wirch, Black, Baldwin, Robson, Carpenter, R. Young and R. Potter; cosponsored by Senators Darling, Buettner, Rosenzweig, Cowles, Farrow, C. Potter, Plewa, Huelsman, Burke, Risser, Jauch, Clausing and Chvala.  
To committee on Urban and Local Affairs.

#### **Assembly Bill 517**

Relating to: the form of certain payments under the aid to families with dependent children program.  
By Representatives Huebsch, Hasenohrl, Schneiders, Dobyms, Freese, Ziegelbauer, Hahn, Musser, Ladwig, Grothman, Silbaugh, Lehman, Vrakas, Grobschmidt, Gunderson, Owens, Jensen and Walker; cosponsored by Senator Darling.  
To committee on Welfare Reform.

#### **Assembly Bill 518**

Relating to: the use of proceeds from municipal and county vehicle registration fees.  
By Representatives Porter, Lehman, Hahn, Nass, Goetsch, F. Lasee, Ott and Gunderson.  
To committee on Highways and Transportation.

#### **Assembly Bill 519**

Relating to: the extraterritorial zoning authority of local units of government for areas near airports.  
By Representatives Porter, Seratti, Hahn and F. Lasee.  
To committee on Urban and Local Affairs.

#### **Assembly Bill 520**

Relating to: regulating rural medical centers, granting rule–making authority, making an appropriation and providing penalties.  
By Representatives Freese, Handrick, Ainsworth, Albers, Baldus, Brancel, Brandemuehl, Duff, Gard, Goetsch, Green, Gunderson, Hahn, Huebsch, Johnsrud, Kreibich, Lehman, Musser, Olsen, Ott, Ourada, Owens, Seratti, Urban and Harsdorf; cosponsored by Senators Schultz, Rosenzweig, Rude, Drzewiecki and Clausing.  
To committee on Rural Affairs.

**Assembly Bill 521**

Relating to: imposing a duty on state agencies and local governmental units to minimize the adverse effect of governmental actions on private property value, creating a cause of action for certain governmental actions affecting private property and making an appropriation.

By Representatives Albers, Johnsrud, Green, Seratti, Harsdorf, Freese, Ainsworth, Brancel, Brandemuehl, Goetsch, Gronemus, Grothman, Gunderson, Hahn, Huebsch, Jensen, Kreibich, Lehman, Musser, Porter, Ryba, Skindrud, Walker, Zukowski and Hoven; cosponsored by Senators Drzewiecki, Huelsman, A. Lasee, Schultz and Petak.

To committee on Judiciary.

**COMMITTEE REPORTS**

The committee on *Highways and Transportation* reports and recommends:

**Assembly Bill 252**

Relating to: requiring the use of safety belts or child safety restraint systems for children riding within cargo areas of motor trucks and providing a penalty.

Assembly substitute amendment 1 adoption:

Ayes: 12 – Representatives Brandemuehl, Otte, Silbaugh, Hahn, Zukowski, Musser, Lehman, Hasenohrl, Baumgart, Ryba, Riley and Kreuser.

Noes: 0.

Passage as amended:

Ayes: 11 – Representatives Brandemuehl, Otte, Silbaugh, Hahn, Zukowski, Lehman, Hasenohrl, Baumgart, Ryba, Riley and Kreuser.

Noes: 1 – Representative Musser.

To committee on Rules.

DAVID BRANDEMUEHL  
Chairperson  
Committee on Highways and  
Transportation

**EXECUTIVE COMMUNICATIONS**

State of Wisconsin  
Office of the Governor  
Madison

August 16, 1995

To the Honorable the Legislature:

The following bill(s), originating in the Senate or the Assembly, have been approved, signed and deposited in the office of the Secretary of State:

<u>Bill Number</u>	<u>Act Number</u>	<u>Date Approved</u>
Assembly Bill 26	43	August 16, 1995
Assembly Bill 2	47	August 16, 1995
Assembly Bill 167	48	August 16, 1995
Assembly Bill 213	49	August 16, 1995
Assembly Bill 214	50	August 16, 1995

Assembly Bill 166	51	August 16, 1995
Assembly Bill 291	52	August 16, 1995
Assembly Bill 101	53	August 16, 1995
Assembly Bill 205	54	August 16, 1995

Respectfully submitted,  
TOMMY G. THOMPSON  
Governor

**COMMUNICATIONS**

State of Wisconsin  
Office of the Secretary of State  
Madison

To Whom It May Concern:

Acts, Joint Resolutions and Resolutions deposited in this office have been numbered and published as follows:

<u>Bill Number</u>	<u>Act Number</u>	<u>Publication Date</u>
Assembly Bill 15	28	August 23, 1995
Assembly Bill 57	29	August 23, 1995
Assembly Bill 87	30	August 23, 1995
Assembly Bill 91	31	August 23, 1995
Assembly Bill 116	32	August 23, 1995
Assembly Bill 117	33	August 23, 1995
Assembly Bill 119	34	August 23, 1995
Assembly Bill 202	35	August 23, 1995
Assembly Bill 233	36	August 23, 1995
Assembly Bill 473	37	August 23, 1995
Assembly Bill 60	41	August 23, 1995
Assembly Bill 230	42	August 23, 1995
Assembly Bill 26	43	August 30, 1995
Assembly Bill 2	47	August 30, 1995
Assembly Bill 167	48	August 30, 1995
Assembly Bill 213	49	August 30, 1995
Assembly Bill 214	50	August 30, 1995
Assembly Bill 166	51	August 30, 1995
Assembly Bill 291	52	August 30, 1995
Assembly Bill 101	53	August 30, 1995
Assembly Bill 205	54	August 30, 1995

Sincerely,  
DOUGLAS LA FOLLETTE  
Secretary of State

**COMMUNICATIONS**

July 7, 1995

Speaker David Prosser  
Wisconsin State Assembly  
Room 211 West, State Capitol  
P.O. Box 8953  
Madison, WI 53708

Dear Speaker Prosser:

It is with regret that I must resign from the Advisory Council on Highway Safety. I have been unable to attend the meetings of the Council since the meetings are held on Mondays. This is an extremely inconvenient time for me due to the number

of commitments I have back in the district. Perhaps there is someone else who would be interested in serving on the committee.

Thank you for your consideration in this matter.

Sincerely,  
DONALD HASENOHRL  
State Representative  
70th Assembly District

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**SPEAKER'S APPOINTMENTS**

August 16, 1995

Representative John Ryba  
Room 315, 100 N. Hamilton  
Madison, WI 53702

Dear John:

Pursuant to Section 15.467 (3), Wis. Stats., it is my pleasure as Speaker of the Assembly to appoint you as a member of the Council on Highway Safety.

This appointment is effective as of this date.

Sincerely,  
DAVID PROSSER, JR.  
Assembly Speaker

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**REFERRAL OF AGENCY REPORTS**

State of Wisconsin  
Commissioner of Insurance  
Madison

June 1995

To the Honorable, the Legislature:

Pursuant to s. 153.25, Wis. Stat., the Office of Health Care Information (OHCI) is pleased to submit to the Governor and the Legislature its fifth hospital report on mortality and morbidity. As stipulated in s. 153.40 (6), Wis. Stat., OHCI provided hospitals the opportunity to review and comment on their data. Written hospital comments have been included in the report.

OHCI wishes to express its appreciation and thanks to the members of the Mortality and Morbidity Technical Advisory Committee for their valued assistance in the planning and organization of this report, as well as to all Wisconsin hospitals that were part of the reporting process.

Please contact OHCI if you or your staff would like additional copies of this report, or have any questions.

Sincerely,  
JOSEPHINE W. MUSSER  
Commissioner of Insurance  
TRUDY A. KARLSON, Ph.D.  
Director, OHCI

Referred to committee on **Health**.

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State of Wisconsin  
Office of the Commissioner of Insurance  
Madison

June 1995

To the Honorable, the Legislature:

Pursuant to section 153.10(1), Wis. Stat., we are pleased to submit to the Governor and to the Legislature the quarterly **Health Care Data Report**. This report is based on hospital inpatient discharge data reported to the Office of Health Care Information by all operating general medical-surgical and specialty hospitals in Wisconsin for the first quarter of 1994 (January-March). It also contains selected ambulatory surgery utilization and charge data from general medical-surgical hospitals and freestanding ambulatory surgery centers in Wisconsin during the same quarter.

This report fulfills the statutory requirement to report "in a manner that permits comparisons among hospitals ... the charges for up to 100 health care services or diagnostic-related groups selected by the office."

Sincerely,  
JOSEPHINE W. MUSSER  
Commissioner of Insurance  
TRUDY A. KARLSON, Ph.D.  
Director, OHCI

Referred to committee on **Health**.

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State of Wisconsin  
Office of the Commissioner of Insurance  
Madison

June 30, 1995

To the Honorable, the Legislature:

Attached is the annual report of the Small Employers Insurance Board (Board) as required under Section 635.23, Wis. Stat.

The report discusses, among other issues, the performance of the Small Employer Health Insurance Basic Plan. In evaluating the performance of this Plan which requires small group health insurers to offer a guarantee issue product, the Board expressed a desire to communicate opinions to the Legislature on how the performance of this plan could be improved.

Since some of the proposals discussed by the Board lie outside of its jurisdiction, it was felt that they be communicated separate from the annual report. In particular, the Board identified the following suggestions:

1. The provisions in the state statute for the Basic Plan should be amended to allow for two policies, one with a high annual limit on coverage and one with a low annual limit. The low annual limit of \$30,000 in benefits was identified in a recent survey as one of the more negative aspects of the benefit design preventing employers from purchasing policies.
2. Statutes mandating an employer contribution should be amended to allow for employees to pay more of the premium, rather than not be eligible for the Basic Plan because an employer could not afford to contribute to premiums.
3. Expand the effects of Chapter 635, Wis. Stat. to apply to larger groups (for example up to 100 employees).

The Board felt that these changes would improve the marketability of Basic Plan policies by insurers.

The Board has also asked me to express their desire to discuss these provisions with members of the Legislature at a later meeting.

Should you have any questions, please contact me, or Peter Farrow at 264-6239.

Best regards,  
*JOSEPHINE W. MUSSER*  
Commissioner of Insurance

Referred to committee on **Health**.

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State of Wisconsin  
Office of the Commissioner of Insurance  
Madison

June 30, 1995

To the Honorable, the Assembly:

In accordance with s.619.15 (2), Wis. Stat., I am pleased to submit the annual Report of the Wisconsin Health Insurance Risk-Sharing Plan (HIRSP). The plan was established in 1981 and now offers health insurance to 11,264 Wisconsin residents.

The major issue on the HIRSP agenda continues to be cost containment. In addition, the HIRSP Board of Governors and the Wisconsin Office of the Commissioner of Insurance (OCI) have also taken several steps toward policyholder education. Highlights of the past year include:

**ENROLLMENT**

- As of December 31, 1994, there were 11,264 Wisconsin citizens enrolled in HIRSP, compared to 11,514 at the same time last year. A table summarizing enrollment trends for the eighteen month period ending December 31, 1994 is included as Attachment 1.

- Enrollment has been on the decline due to small group insurance reform, as well as a steady increase in premiums. A survey of policyholders who voluntarily terminated HIRSP coverage during 1994 indicated that approximately 50 percent had obtained other insurance coverage.
- 34% of enrollees receive a subsidy to lower their premiums and deductibles, compared to 32% in 1993. Premium and deductible subsidy payments during the year totaled \$2.8 million.
- 70 % of HIRSP policyholders are age 45 and older. 30% of all policyholders are between ages of 60-64.

**INCOME**

- Assessments on insurers totaled \$20,140,000 in calendar year 1994, an increase of 12 percent over 1993 collections. A table summarizing assessment trends in included as Attachment 2.
- \$24,871,927 in premiums were collected for calendar year 1994, a decrease of 3 percent over 1993 collections.

**CLAIMS**

- Total plan expenses during the year were \$45,201,903. Administrative costs account for less than 5 percent of total plan expenses.
- \$48,184,458 was paid in claims for 1994 versus \$46,257,835 in 1993. Of this amount, \$19,484,733 was for inpatient claims, \$21,661,656 was for professional services, and \$7,038,069 was for outpatient claims.
- Psychosis, diagnostic related group (DRG) number 430, continues to be ranked first by total inpatient payments, but accounted for less than 10 of the total admissions for HIRSP policyholders.
- Circulatory disorders continue to be the most costly major diagnostic category for HIRSP enrollees accounting for 25 percent of total inpatient payments.
- The average per member per month cost of the Plan in 1994 was \$356.00. Twenty-five percent of all outpatient services were for Drugs/Supplies, which averaged \$45.06 per member per month.
- The most expensive hospitalization was for a primary diagnosis of bone marrow disorder/surgery for which a total payment of \$157,806 was made.
- The most utilized hospital in the state was University Hospital in Madison, accounting for 8 percent of total inpatient days. St. Luke's Medical Center in Milwaukee received the highest total payments for inpatient care.

**COST CONTAINMENT**

- Starting May 1994, HIRSP entered into a contract with Meridian Resource Corporation to audit high cost inpatient and outpatient hospital claims. During the first year of operation, the contractor reviewed 205 claims. Of these, sixteen claims were selected for audit with total estimated savings to HIRSP of \$7500.

- A drug card program, expected to save HIRSP funds was authorized by the Board for implementation during 1995. Total estimated savings for the two programs is approximately \$800,000 annually.

State of Wisconsin  
 Department of Health and Social Services  
 Madison

June 30, 1995

**POLICYHOLDER EDUCATION**

- The Consumer Affairs Committee created by the Board of Governors (Board) to assure policyholders that the Board receives input from policyholders continued to meet. During the year, the plan published three editions of a quarterly newsletter to inform policyholders about changes in the plan, health care reform, etc. Topics addressed during the past year included introduction of key personnel at Blue Cross/Blue Shield, information on how plan premiums are determined, responsible plan usage, and an explanation of the subsidy program.
- During the year, the Blue Cross customer service area received 65,436 calls. The call abandonment rate declined from 8.8 percent to 4 percent during the year.

To the Honorable, the Legislature:

1989 Wisconsin Act 31, Section 1118i, requires the Department of Health and Social Services to submit to the chief clerk of each house of the legislature a report on June 30 annually on the allocation and expenditure of funds for services for homeless individuals. Attached is the Department's fourth annual report.

Departmental staff are available if you have any questions or require any additional information.

Sincerely,  
 RICHARD W. LORANG  
 Acting Secretary, DHSS

I am confident that the HIRSP Board of Governors will continue to explore additional cost-containment options for the plan, which will prove to be beneficial to both HIRSP enrollees and the state of Wisconsin.

Referred to committee on **Health**.

The data continues to show that HIRSP remains as a viable alternative for health insurance for Wisconsin citizens. Please contact Eileen Mallow of my staff if you have any questions.

State of Wisconsin  
 Office of the Commissioner of Insurance  
 Madison

July 1995

Best regards,  
 JOSEPHINE W. MUSSER  
 Commissioner of Insurance

Referred to committee on **Insurance, Securities and Corporate Policy**.

To the Honorable, the Legislature:

State of Wisconsin  
 Department of Administration  
 Madison

June 30, 1995

To the Honorable, the Legislature:

As required by 1993 Wisconsin Act 351, I am submitting to you for distribution to the appropriate standing committees under s. 13.172 (3) of Wisconsin law the second semiannual Wisconsin Gasohol and Alternative Fuel Use Report. If you or any committee members have questions, please contact Nathaniel E. Robinson, Administrator, Division of Energy and Intergovernmental Relations at 608/266-7257.

Pursuant to the requirements of section 153.20, Wis. Stats., we are pleased to submit to the Governor and the Legislature *Uncompensated Health Care, Wisconsin Hospitals, FY 1994*. This report, prepared by the Office of Health Care Information, sets forth the total charges for charity care, bad debt, and total uncompensated health care for hospital fiscal year 1994; the projected total charges for hospital fiscal year 1995; the number of patients receiving uncompensated health care for hospital fiscal year 1994; and the projected number of patients who will receive uncompensated health care in hospital fiscal year 1995.

The information contained in this report was obtained from data submitted by Wisconsin hospitals on their annual *FY 1994 Hospital Uncompensated Health Care Plan* and their annual *FY 1994 Hospital Fiscal Survey*.

Sincerely,  
 JAMES A. KLAUSER  
 Secretary, DOA

Sincerely,  
 JOSEPHINE W. MUSSER  
 Commissioner of Insurance

TRUDY A. KARLSON, Ph.D.  
 Director, OHCI

Referred to committee on **Environment and Utilities**.

Referred to committee on **Health**.

State of Wisconsin  
Office of the Commissioner of Insurance  
Madison

July 6, 1995

TO: Charles R. Sanders  
Assembly Chief Clerk

FROM: Josephine Musser  
Commissioner of Insurance

DATE: July 6, 1995

RE: Governor's Task Force on Hospital and Academic  
Medical Center Costs

The Task Force has completed its work and has prepared the attached document for your review. The Task Force was active, creative and productive -- resulting in a set of recommendations for resolving the problems identified in the [1993 Wisconsin Act 447](#). The first part of the document is a policy brief, the second part is a more detailed Technical Report.

The Office is available to clarify the information in the report and to provide support as needed.

Referred to committee on **Health**.

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State of Wisconsin  
Department of Development  
Madison

July 10, 1995

To the Honorable, the Legislature:

In accordance with s. [234.65\(5\)](#), the Department of Development is required to provide a report addressing the effects of the Wisconsin Housing and Economic Development Authority's (WHEDA) lending activities on the state's economic development.

I am respectfully submitting the attached WHEDA report for loans closed in 1994 in the manner provided in section [13.172\(3\)](#), Wisconsin Statutes. If you have any questions concerning the report or would like to obtain copies, please contact Bev Haberman in our Division of Policy and Information at 608/266-5381.

Sincerely,  
*WILLIAM J. McCOSHEN*  
Secretary, DOD

Referred to committee on **Small Business and Economic Development**.

State of Wisconsin  
Department of Health and Social Services  
Madison

July 12, 1995

To the Honorable, the Assembly:

As required by Chapter 252.04 (11) of the Wisconsin Statutes, we are pleased to provide the annual report on the statewide immunization program. Please distribute this report to the appropriate standing committees.

Sincerely,  
*RICHARD W. LORANG*  
Deputy Secretary, DHSS

Referred to committee on **Health**.

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State of Wisconsin  
Department of Public Instruction  
Madison

July 25, 1995

To the Honorable, the Legislature:

The department is pleased to submit the 1994 Annual Report on the Status of Bilingual-Bicultural Education programs, as required under s. [115.996](#), Wisconsin Statutes.

The report provides a review of the state's administration and funding of bilingual education in Wisconsin and factors contributing to program expansion and the resulting continuously lower annual reimbursement rates for school districts. The number of pupils served from minority languages, the locations of the state-funded programs during the 1994 fiscal year (July 1, 1993, through June 30, 1994), and staff-related data are included in the report to inform those with responsibilities for ensuring the continued success of bilingual education programs in Wisconsin. I am confident that you will find the report informational, useful and of concern given the rising numbers of pupils to be served absent a corresponding increase in fiscal support by the state.

If you have questions on any aspect of this report, please contact Dr. William J. Erpenbach, director, divisionwide planning and process, 267-1072. He will be happy to discuss these with you at your convenience.

Sincerely,  
*JOHN T. BENSON*  
State Superintendent, DPI

Referred to committee on **Education**.

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State of Wisconsin  
Department of Agriculture, Trade and  
Consumer Protection  
Madison

July 28, 1995

To the Honorable, the Legislature:

Pursuant to a nonstatutory provision under 1993 Wisconsin ACT 352, and in the manner provided under s. [13.172\(2\)](#),

Wisconsin Statutes, the Department of Agriculture, Trade and Consumer Protection is pleased to submit a report to the Legislature on its study of the extent of predatory pricing of prescription drugs and unfair discrimination in drug pricing.

Approximately 29,000 separate wholesale drug purchase transactions were analyzed and compared as part of the study. Although no predatory pricing activities could be demonstrated, the study does conclude that some sellers may be engaged in drug price discrimination under s. 100.31, Wisconsin Statutes.

Please contact Paul Dingee, Trade Practices Section Chief, at 224-4925 if you have any questions regarding this report.

Sincerely,  
ALAN T. TRACY  
Secretary, DATCP

Referred to committee on **Consumer Affairs**.

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### COMMUNICATIONS

State of Wisconsin  
Department of Natural Resources  
Madison

July 28, 1995

To the Honorable, the Legislature:

The report, Cryptosporidium spp. and Giardia spp., Occurrence, Distribution and Levels in Wisconsin Waters, is being peer reviewed at this time. I will forward a final copy to you by August 31, 1995.

I appreciate your patience in this matter.

Sincerely,  
GEORGE E. MEYER  
Secretary, DNR

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State of Wisconsin  
Legislative Audit Bureau  
Madison

July 10, 1995

To the Honorable, the Legislature:

We have completed an evaluation of the investment practices of the State of Wisconsin Investment Board, as requested by the Joint Legislative Audit Committee. A second report, to be released later this summer, will examine the structure of the Investment Board's employe salary bonus plan and the process used to select investments for the Board's private placement portfolio.

On March 17, 1995, the Investment Board publicly disclosed that the State Investment Fund, which at the time had assets of approximately \$6.8 billion, had incurred a \$95 million loss. The loss resulted from the Investment Board's efforts to

enhance earnings through the use of derivatives without an adequate understanding of the risk some investments presented. Staff contend they were misled in the purchase of a Mexican interest rate swap by an investment dealer, but a careful analysis of documents presented and a few simple calculations would have identified the risk in this transaction. Further, when this and another derivative investment experienced substantial losses, investment staff restructured the investment agreements in an effort to minimize loss, but in doing so put even more funds at risk.

Effective management oversight mechanisms might have prevented the loss, but the Investment Board's decentralized organizational structure and existing oversight mechanisms were inadequate to detect potential problem investments. We make recommendations for the Executive Director and the Board of Trustees to improve investments reporting and oversight.

Since the \$95 million loss was disclosed, \$1.4 billion has been withdrawn from the State Investment Fund's Local Government Investment Pool. The loss, together with local officials' concerns about the Fund's management and state officials' concerns about local governments' ability to leave the Fund without penalty, suggest that changes in the State Investment Funds are needed.

The loss in the State Investment Fund also raised questions about derivative holdings in the Wisconsin Retirement Funds. On May 30, the Investment Board disclosed a net unrealized loss of \$93 million from approximately 200 derivatives in the Retirement Funds. However, this is not as significant as the loss in the State Investment Fund because it is a loss based on market prices, which regularly change, and because of the size of the Retirement Funds and the long-term nature of their investments.

We appreciate the courtesy and cooperation extended to us by the State of Wisconsin Investment Board's trustees and staff. A response from the Board's Executive Director is Appendix VI.

Respectfully submitted,  
DALE CATTANACH  
State Auditor

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State of Wisconsin  
Department of Corrections  
Madison

July 13, 1995

To the Honorable, the Legislature:

Attached is the second quarter report on Prison Industries for the fiscal year ending June 30, 1995, as required by Section 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balance of each industry.

Prison Industries had a cash deficit of \$3.1 million through the Second quarter ending December 31, 1994. The actual cash expenditure for the time period was \$7,775,314. Revenues for the same time period were \$4,655,224. Prison Industries have adequate fixed assets, inventories and receivables to

cover the overdraft. The cash deficit is attributable to an uncommonly large accounts receivable during this time period. In addition, raw materials for Dodge Correctional expansion were purchased during this time period. Manufacturing and shipping of the products will not be completed during this same quarter.

The projected profit on the accrual basis for the fiscal year ending June 30, 1995 is \$575,000.

Sincerely,

*MICHAEL J. SULLIVAN*  
Secretary, DOC

*JAMES R. KLAUSER*  
Secretary, DOA

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State of Wisconsin  
Department of Corrections  
Madison

July 14, 1995

To the Honorable, the Legislature:

This is the annual report on Prison Industries for the fiscal year ending on June 30, 1994, as required by Wisconsin Statutes 303.018. This report includes the cash balance of each industry and the total amounts expended by state agencies for wood furniture and printing. It also shows what portion of the total wood furniture and printing state agencies purchased from prison Industries and includes year-end cash balance.

The cash deficit decreased by \$1,159,795 (from \$4,087,459 to \$2,927,664) in fiscal year 1994. Total assets of plant, equipment and inventories of \$5,925,529 exceed the cash deficit by \$2,997,865.

See Appendix A for a summary of the cash balance for each industry and the overall financial condition of Prison Industries.

The net income on the accrual accounting basis was \$1,089,234 for the fiscal year ending June 30, 1994.

State agencies spent \$3,892,458 on wood furniture in FY 94. Of that amount, \$729,975 or 19% was purchased from Prison Industries. During the same period, state agencies purchased \$38,088,655 in printing from all sources. Of that amount, \$1,096,415 or 3% was purchased from Prison Industries. State printing bulletins now require that all forms for which Prison Industries has negotiated a contract be purchased from Prison Industries. Appendix B provides comparisons with FY 93.

Sincerely,

*MICHAEL SULLIVAN*  
Secretary, DOC

*JAMES R. KLAUSER*  
Secretary, DOA

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State of Wisconsin  
Department of Corrections  
Madison

July 27, 1995

To the Honorable, the Legislature:

Re: CLAIMS UNDER SECTION 227.485 AND 814.245,  
WISCONSIN STATUTES

The Department of Corrections has no claims under the above to report for the fiscal year ending June 30, 1995. Our legal counsel personnel have reviewed settlements during FY 95 and have determined that none apply to ss. [227.485](#) and [814.245](#) of the Wisconsin Statutes.

Sincerely,

*MICHAEL J. SULLIVAN*  
Secretary, DOC