



STATE OF WISCONSIN Assembly Journal Ninety–Third Regular Session

TUESDAY, June 3, 1997

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

AMENDMENTS OFFERED

Assembly amendment 1 to Assembly amendment 2 to **Assembly Bill 73** offered by committee on **Small Business and Economic Development**.

Assembly amendment 1 to **Assembly Bill 172** offered by committee on **Small Business and Economic Development**.

Assembly substitute amendment 3 to **Assembly Bill 203** offered by Representative Hahn.

Assembly substitute amendment 1 to **Assembly Bill 223** offered by committee on **Agriculture**.

Assembly amendment 1 to **Assembly Bill 291** offered by committee on **Criminal Justice and Corrections**.

Assembly amendment 2 to **Assembly Bill 291** offered by committee on **Criminal Justice and Corrections**.

Assembly amendment 1 to **Assembly Bill 348** offered by committee on **Agriculture**.

INTRODUCTION AND REFERENCE OF PROPOSALS

Read first time and referred:

Assembly Bill 398

Relating to: including in the public school curriculum information on how and where to register to vote.

By Representatives Jensen, Riley, Sykora, Ziegelbauer, Schafer, Staskunas, Musser, Huebsch, Meyer, Kelso, Wasserman, M. Lehman, J. Lehman, Ladwig, Skindrud, Urban, Dobyms, Ott, Hoven, Gunderson, Hahn, Handrick, Albers, Seratti and R. Young; cosponsored by Senator Roessler.

To committee on **Mandates**.

Assembly Bill 399

Relating to: the issuance of alternative teaching permits and teaching licenses.

By Representatives Duff, Ainsworth, Grothman, Owens, Jensen, Goetsch, Seratti, Nass and Underheim; cosponsored by Senators Farrow, Huelsman and Welch.

To committee on **Education**.

ENROLLED BILLS

The following Assembly proposals, which have been approved by both the Assembly and Senate, have been enrolled by the Legislative Reference Bureau:

Assembly Bill 186

CHARLES R. SANDERS
Assembly Chief Clerk

EXECUTIVE COMMUNICATIONS

State of Wisconsin
Office of the Governor
Madison

May 30, 1997

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 186	6	May 30, 1997

Respectfully submitted,
TOMMY G. THOMPSON
Governor

COMMUNICATIONS

June 3, 1997

The Honorable Ben Brancel
211 West, State Capitol
Madison, Wisconsin 53702

Dear Speaker Brancel:

I am writing this letter to you regarding the appointment of members to the Subcommittee on Victim's Rights to the Assembly Committee on Judiciary. Please appoint the following Representatives to this Subcommittee:

Representative Mark Green, Chair
Representative Dan Vrakas
Representative Carol Kelso

AGENCY REPORTS

State of Wisconsin
Department of Administration
Madison

Thank you for your attention to this matter.

May 12, 1997

Best Regards,
MARK GREEN
State Representative
Chair, Assembly Committee on Judiciary

To 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 sec. 13.172(3) Stats.), 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 April, 1997.

REFERRAL OF AGENCY REPORTS

State of Wisconsin
Office of the Commissioner of Insurance
Madison

May 20, 1997

Re: Report on the Impact of [1995 Wisconsin Act 10](#)

On April 1, 1997 the **Wisconsin Health Education Loan Repayment Fund** balance was -\$2 thousand. this shortfall increased to -\$3 thousand on April 30, 1997. This shortfall was due to the timing of revenues.

To the Honorable, the Legislature:

On April 29, 1997 the **University Trust Fund-Principal** balance was -\$226 thousand. This shortfall continued until April 30, 1997 when the balance reached \$36 thousand. This shortfall was due to a delayed transfer to the fund.

In accordance with s. [601.427\(9\)](#), Wis. Stat., I am pleased to submit this report to the Wisconsin Legislature. This report is to evaluate the impact that [1995 Wisconsin Act 10](#) has had on the following:

The Wisconsin Health Education Loan Repayment and University Trust-Principal Fund shortfalls were not in excess of the \$400 million ceiling and did not exceed the balances of the Funds available for interfund borrowing.

- (a) The number of health care providers practicing in Wisconsin.
- (b) The fees that health care providers pay under s.655.27(3).
- (c) The premiums that health care providers pay for health care liability insurance.

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.

Sincerely,
MARK D. BUGHER
Secretary, DOA

The evaluation performed included the collection and analysis of statistics regarding the number of health care providers and premiums charged for health care liability insurance. While analysis of these statistics determined that not enough time has elapsed since the enactment of Act 10 to allow for a conclusive analysis of its impact, it should be emphasized that explicit recognition of the cap has been made in the annual fee setting process for the Fund. Specifically, a reduction in the loss costs resulted in an estimated \$36.1 million reduction in fees paid by Wisconsin health care providers for fiscal years 1995-1996 through 1997-1998.

State of Wisconsin
Investment Board
Madison

May 22, 1997

The attached report provides information regarding the background of Act 10, the statistics collected and the analysis performed.

To the Honorable, the Legislature:

Section [25.17\(14r\)](#) of the Statutes requires that the State of Wisconsin Investment Board (SWIB) submit a report to the Joint Committee on Audit, Joint Committee on Finance, and Chief Clerks of each House summarizing any change in the Board's investment policies, upon adoption of the change.

Sincerely,
JOSEPHINE W. MUSSER
Commissioner of Insurance

On May 8, 1997, the Board approved the attached modifications to the Investment Policy Guidelines for the Market Evaluation Portfolio (MEP) and the Core Fixed Income Portfolio (CORE) currently managed by SWIB's Public Fixed Income Group. Investment guidelines were also slightly changed for the Real Estate Division. They are also attached. Additions to the previous guidelines are shaded and deletions are the stricken material.

Referred to committee on **Health**.

SWIB's public bonds are presently managed in three portfolios: (1) The CORE portfolio is invested primarily in

U.S. government bonds and corporate bonds purchased in public markets. (2) The MEP portfolio, prior to the following guideline changes, has been weighted primarily toward corporate securities. (3) The Intermediate Duration portfolio invests in U.S. Treasury and agency securities, primarily in the three-to-seven year maturity range.

MEP GUIDELINE CHANGES

The MEP was originally established in 1988 as a subset of the CORE portfolio. Since then, it has grown in size from \$400 million to over \$1.2 billion and is now a stand-alone portfolio. Substantive changes to its investment guidelines have not been made since its origination. Given its present size and the complexity of the public fixed income market, broader guidelines are warranted.

The attached guideline changes to the MEP were enacted in order to take better advantage of the available investment opportunities across public fixed income sectors, provide greater liquidity, and enhance risk management within SWIB's MEP portfolio. The changes are summarized below:

- * The new guidelines broaden the MEP portfolio mandate by removing the explicit focus on the corporate market. This change will enhance overall risk management of the portfolio as it will provide for greater diversification and increased liquidity of MEP investments. By and large, this will position the portfolio to react more quickly to market fluctuations as they occur.
- * The guideline changes widen the duration range of the MEP portfolio to +20% of the portfolio's benchmark, up from +10% of the target. Duration is defined as a general measure of interest rate and market sensitivity. In essence, the widening of the duration range will allow a greater response to anticipated market changes. The revised benchmark has a fixed duration of 6.5 which is consistent with the average duration of the previous benchmark. With the implementation of the new guidelines, the overall duration structure of the fixed income portfolios remains unchanged.
- * The new guidelines set forth an overall portfolio credit quality restriction while removing such restriction from the individual issuer and security levels. An addition to the guidelines also allows opportunistic investment of up to 15% of the portfolio in issues rated BB+ and below. The primary purpose of this change is to allow investment in issues which are on the cusp of becoming investment grade securities and expected returns are commensurate with risk. As the overall quality restriction at the broader portfolio level is unchanged, the portfolio will have greater flexibility in issue selection without subjecting the portfolio to any additional aggregate risk.
- * With an increased spectrum of allowable investments, the percent allowed in any one investment grade issuer was decreased from 10% to 5% of the portfolio, investment in issuers with ratings below BB+ is limited to 3% of the portfolio.
- * Changes were also made to the portfolio's benchmark accordingly.

CORE GUIDELINE CHANGES

The attached changes to the CORE portfolio guidelines are relatively minor and have no material impact on the present

portfolio. The first change substitutes the term "duration" for maturity. This change updates the guidelines to reflect the industry standard of measurement. Duration is widely accepted as a better measure of interest rate sensitivity and relative risk. The second minor change was initiated in order to set forth CORE guidelines which are consistent with some of the language in the new MEP guidelines. This change specifies limits on the investment which can be made in any one issuing company. Again, this change is anticipated to have little effect on current practices.

REAL ESTATE GUIDELINE CHANGES

Minor technical changes were made to the investment guidelines for the National Industrial Discretionary Account Program (NISDAP) with SWIB's Real Estate Division. NISDAP's purpose is to establish a program which allows SWIB to build portfolios of industrial properties within selected markets. The revisions are non-material and come as a result of Trustee requests for clarification of NISDAP wording.

The revisions better define qualifying investments and remove some ambiguity within the former investment guidelines. The overall effect of these changes has been a slightly greater restriction in investment policy without having any material effect on current investment practices.

Please contact me if you have any questions.

Sincerely,
PATRICIA LIPTON
Executive Director

Southeast Wisconsin
Professional Baseball
Park District

TO: Charles R. Sanders
Assembly Chief Clerk

FROM: Michael Duckett,
Executive Director

DATE: May 22, 1997

RE: Monthly Progress Report

Enclosed is your copy of the Miller Park Monthly Progress Report for April 1997. Please feel free to contact me if you have any questions or comments.

Thank you for your continued assistance and cooperation.

REFERENCE BUREAU CORRECTIONS

Senate Substitute Amendment 1 to **Senate Bill 105**

1. Page 3, line 5: in both places, delete "capital" and substitute "operating".

2. Page 3, line 7: delete "capital" and substitute "operating".