

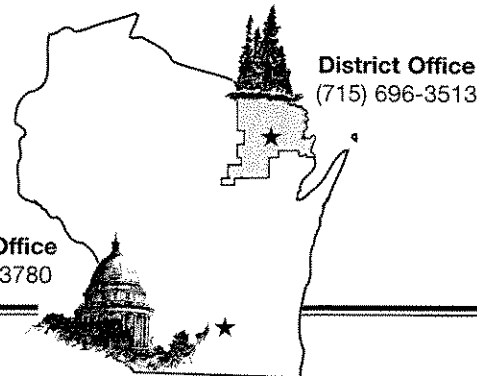
2003 Joint Committee on Audit
Economic Development Programs

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**LORRAINE M.
SERATTI**
STATE REPRESENTATIVE
6TH ASSEMBLY DISTRICT

P.O. Box 8953, State Capitol • Madison, Wisconsin 53708-8953
Toll-Free: (888) 534-0036 • Fax: (608) 282-3636 • Rep.Seratti@legis.state.wi.us

Madison Office
(608) 266-3780



March 14, 2003

Senator Carol Roessler
Co-Chair Joint Legislative Audit Committee
8 South, State Capitol
Madison, WI 53707

Dear Senator Roessler,

As the Chair of the Assembly Committee on Small Business, I have concerns relating to the effective use of economic development funds in the Department of Commerce.

As you know, small businesses fuel our state's economy and provide a stable, secure job base. In my past experience with the Department of Commerce, the focus and distribution of funds appears to favor larger businesses.

I would appreciate your consideration of on an audit of the Department of Commerce programs to determine the percentage of funds allocated to large versus small employers, the number of jobs created, the retention of jobs created and the sales volume generated by companies receiving economic development assistance. It would also be very helpful to know the class of industry – manufacturing, service, technology, etc.

With our current fiscal crisis we must ensure maximum utilization of all available resources to help grow our economy.

Finally, 95% of Wisconsin businesses employ fewer than 100 people and generate 80% of all new jobs in the state. This is a compelling reason to analyze the utilization of our economic resources.

Your thoughtful consideration of my request will be greatly appreciated.

Sincerely,

Lorraine M. Seratti
State Representative
36th Assembly District

cc: Rep. Jeskewitz



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

March 18, 2003

Representative Lorraine Seratti
Room 18 North, State Capitol
Madison, WI 53708

Dear Representative Seratti;

We received the request that you recently submitted to the Joint Audit Committee. This letter serves as confirmation of that request.

Each request submitted receives serious consideration. As conscientious legislators, we all welcome new ways to do things less expensively or more efficiently. We, as co-chairs of the committee, aim to meet once a month to discuss all requests. Shortly after the meeting, one of us will call you directly to let you know the status of your request.

Thank you again for your request and we will be in touch soon.

Sincerely,

Senator Carol Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

Asbjornson, Karen

Subject: FW: Comprehensive Study of Economic Development Initiatives LRB3891/3

-----Original Message-----

From: Kostelic, Jeff
Sent: Thursday, January 29, 2004 4:25 PM
To: *Legislative Assembly Democrats; *Legislative Assembly Republicans; *Legislative Senate Democrats; *Legislative Senate Republicans
Subject: Comprehensive Study of Economic Development Initiatives LRB3891/3

Co-Sponsorship Memo

To: All Legislators
From: Representatives Turner and Richards
Date: January 29, 2004
Re: LRB 3891/3 relating to a comprehensive study of economic development initiatives.
Deadline: [REDACTED]

As part of the Wisconsin Prosperity Project, I am introducing LRB 3891/3 which requires the audit bureau to conduct a comprehensive study of all economic development programs available in the state, including federal and local programs. An additional part of the study will be analysis that will provide a list of deficient, outmoded or redundant programs. Upon completion of the study, a list of all programs will be placed into a user friendly format and made available to the public.

Analysis by the Legislative Reference Bureau

This bill requires the Legislative Audit Bureau to conduct a study of all economic development programs available in this state. The study must include an analysis of economic development needs as derived from official data and a list of deficient, outmoded, or redundant programs.



03-38913.pdf



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

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MADISON, WISCONSIN 53703
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FAX (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

DATE: February 5, 2004

TO: Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*
State Auditor

SUBJECT: Proposed Audit of the State's Economic Development Programs—Background
Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering a request from Senator Carol Roessler and Representative Suzanne Jeskewitz for an audit of the State's economic development programs. Currently, a number of state agencies operate a variety of programs and activities to support businesses to contribute to Wisconsin's economic well-being.

Most of the State's economic development programs, especially those providing direct financial assistance, are operated by the Department of Commerce. The Department's fiscal year 2003-04 budget for economic and community development activities is \$63.4 million, including \$10.5 million in general purpose revenue. The majority is disbursed in the form of grants and loans to businesses and to local units of government to fund economic development activities.

In addition to Department of Commerce programs, business assistance programs and activities, including marketing and technical assistance, promotional activities and other types of support, are also operated by the Department of Agriculture, Trade and Consumer Protection; the Department of Natural Resources; the Department of Tourism; the University of Wisconsin System, including the University of Wisconsin-Extension; the Wisconsin Technical College System; the Wisconsin Housing and Economic Development Authority; and Forward Wisconsin. In addition, the State of Wisconsin Investment Board has committed to efforts to make investment funds available to Wisconsin firms, including venture capital investments in the biotechnology area.

The State's economic development activities can be grouped into several categories. Some programs provide direct financial assistance through grants and loans to businesses. Others, such as the development zone programs, provide tax credits to companies within the zones. Other programs, such as the Investment Board's efforts, and Wisconsin's Certified Capital Companies program, attempt to make financing available for investment in Wisconsin companies. Some financial assistance programs, such as the State's Community Development Block Grant program, provides funds to local units of government for the purpose of economic development.

In conjunction with direct and indirect financial assistance programs, the State provides other forms of assistance to businesses with the goal of improving economic development. For example, the Department of Tourism provides promotional advertising for Wisconsin's tourism industry. In addition, programs are available in a number of state agencies and the State's higher education

systems to provide a broad array of business support activities, which range from business plan development, to marketing assistance and information, to technical support and technology transfer assistance.

An audit of the State's economic development programs could include an inventory of all programs that would:

- identify all programs by type and funding source;
- identify the types of businesses that have received financial assistance;
- review information available on job creation or other data on economic expansion;
- analyze the geographic distribution of financial assistance throughout the State;
- review a sample of loans and grants to determine if statutory requirements for the programs were followed; and
- review information available on economic development programs in other midwestern states.

If you have any questions regarding this request, please contact me.

JM/DB/bm

cc: Senator Robert Cowles
Senator Alberta Darling
Senator Jeffrey Plale
Senator Julie Lassa

Representative Samantha Kerkman
Representative Dean Kaufert
Representative David Cullen
Representative Mark Pocan

Michael Armiak, President
Forward Wisconsin

David C. Mills, Executive Director
State of Wisconsin Investment Board

Richard Carpenter, President
Wisconsin Technical College System

Cory L. Nettles, Secretary
Department of Commerce

Scott Hassett, Secretary
Department of Natural Resources

Rod Nilsestuen, Secretary
Department of Agriculture, Trade
and Consumer Protection

Jim Holperin, Secretary
Department of Tourism

Kevin P. Reilly, Chancellor
University of Wisconsin-Extension

Katharine C. Lyall, President
University of Wisconsin

Antonio Riley, Executive Director
Wisconsin Housing and Economic
Development Authority

Marc Marotta, Secretary
Department of Administration

Asbjornson, Karen

From: Matthews, Pam
Sent: Monday, February 09, 2004 4:01 PM
To: Asbjornson, Karen; Sen.Roessler
Subject: RE: Audit on Economic Development Programs

Dear Ms. Lewis:

I am responding to your phone call to Sen. Roessler's office earlier today regarding the upcoming Joint Audit Hearing. As Rep. Jeskewitz will be chairing this meeting I told Sen. Roessler's office I would reply to your question.

The hearing on Wednesday will discuss the possible audit of the State's economic development programs. Because the University of Wisconsin is involved at some level with some of these programs we wanted to make you aware of the Hearing. Certainly, President Lyall is welcome to provide oral or written testimony on the proposed scope of the audit or send someone in her place. The idea behind the audit is to inventory what programs the state offers in the economic development arena.

If you have additional questions you can reach me at 266-3796.

Sincerely,

Pam Matthews

*Pamela B. Matthews
Research Assistant
Office of Representative Sue Jeskewitz
24th Assembly District*

*Office: 608-266-3796
Toll Free: 888-529-0024
Pam.Matthews@legis.state.wi.us*

-----Original Message-----

From: Asbjornson, Karen
Sent: Monday, February 09, 2004 2:22 PM
To: Matthews, Pam
Subject: FW:

Karen Asbjornson
Office of Senator Carol Roessler
(608) 266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us

-----Original Message-----

From: Kurtz, Hunter
Sent: Monday, February 09, 2004 2:19 PM
To: Asbjornson, Karen
Subject:

Margaret Lewis from UW system. The Audit committee was going to be looking at an Audit on Economic Development Programs. The UW system is curious at the Hearing where the scope of the Audit will be discussed. Do they need testimony from UW System or any input. She is curious what the thinking is behind this. 3-7962

Asbjornson, Karen

From: Sen.Lassa
Sent: Tuesday, February 10, 2004 3:48 PM
To: *Legislative Assembly Democrats; *Legislative Assembly Republicans; *Legislative Senate Democrats; *Legislative Senate Republicans
Subject: Wisconsin Prosperity Project Companion Bills

As Wisconsin's economy continues to struggle, there is a great deal of interest in economic development initiatives. I am offering three Senate companion bills to proposals contained in the Assembly Democrat's Wisconsin Prosperity Project.

LRB 4198/1, a companion to Representative Turner's legislation, requires the Legislative Audit Bureau to conduct a study of all economic development programs available in Wisconsin. The study must include an analysis of economic development needs as derived from official data. This bill will help the Legislature and Governor identify those programs that are deficient, outmoded, or redundant while creating a comprehensive list of economic development programs for the public.



03-4198/1

LRB 4199/1, another companion to legislation circulated by Representative Turner, creates an interactive website for easy access to state, federal and local development programs and has been dubbed the ***Economic Development Accessibility Act***. The bill requires the Department of Commerce to create a website that allows access to information concerning every economic development program available in Wisconsin. The legislation also directs Commerce to develop a website template which Chambers of Commerce can customize to meet the needs of the areas that they serve that will be directly linked to a statewide database. This will provide for enhanced interaction between local and state economic development initiatives as well as providing Commerce with real time statistics on which programs are being requested and from which parts of the state.



03-4199/1dn

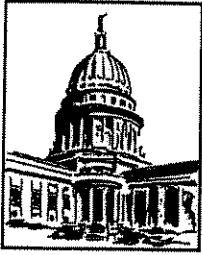
LRB 4219/1, a companion to legislation offered by Representative Plouff, creates sales and use tax exemptions for the sale of renewable resources and any item of tangible personal property that uses a renewable resource. The bill also requires the Development Finance Board to biennially award technology development grants or loans, not exceeding a total of \$400,000 in each biennium, to businesses for research, development, or commercialization activities related to renewable resource projects.



03-42191.pdf

Unless noted otherwise, cosponsors of the Assembly versions will be listed as cosponsors of my Senate bills. **Please contact Robin or Jessica in my office by Wednesday, February 18th by**

5:00pm. at 6-3123 if you wish to cosponsor any of these bills.



WISCONSIN STATE LEGISLATURE
Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

For Immediate Release

February 11, 2004

For More Information Contact:

Senator Carol Roessler
Representative Suzanne Jeskewitz

(608) 266-5300
(608) 266-3796

Co-Chairs Jeskewitz and Roessler Announce Approval of W-2 and Economic Development Programs Audits

(Madison) Today - The Joint Legislative Audit Committee, co-chaired by Suzanne Jeskewitz (R-Menomonee Falls) and Senator Carol Roessler (R-Oshkosh); unanimously authorized motions calling for major audits of the Wisconsin Works (W-2) program and Economic Development programs in the state.

Senator Alberta Darling requested in January that the Audit Committee review and approve an audit of the W-2 program. The Legislative Audit Bureau (LAB) completed an audit of the W-2 program approximately three years ago.

"W-2 has largely met its original goals of work first and connecting low income people to employment," said Roessler. "Clearly we need to further our work on trial jobs. As originally crafted, trial jobs have not worked. As with anything that's not working, it's time to move forward with program refinements which make this tier on the jobs ladder work for W-2 participants and employers. Our goal remains self-sufficiency and long-term employment of W-2 participants."

The W-2 audit scope is broad and will offer an analysis of expenditures, new cases, returning cases due to loss of employment, program sanctions and improvements to further achieve our goals of working families.

"Our expectation is that the expert auditors at the Legislative Audit Bureau will identify areas where anticipated outcomes have not been achieved and will make valuable recommendations to improve the program and participant outcomes where necessary," Roessler added.

"I look forward to finding out exactly how the W-2 program has improved since the last audit in 2001 and where the problem areas remain," remarked Jeskewitz. "Since coming to the Legislature in 1997, I have worked hard to ensure that W-2 clients receive the services the Legislature intended them to have, in order to move them towards self-sufficiency. I spent a lot of time in Milwaukee County in my early years in the Legislature shadowing clients, listening to their concerns, and working to effect positive change."

"Of particular concern to me is that, of the 14,997 cases as of November 2003, 11,716 (78%) cases are in Milwaukee County," stated Jeskewitz. "Milwaukee County is driving the caseload numbers and new concerns over the last several years have surfaced because of the tremendous loss of manufacturing jobs in this area."

SENATOR ROESSLER
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REPRESENTATIVE JESKEWITZ
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Last year, Representative Lorraine Seratti requested an audit of economic development programs within the Department of Commerce. In other committee action, the Co-Chairs expanded on Seratti's request, by including all state agencies that provide economic development programs.

"Economic development is a common theme this legislative session," said Jeskewitz. "The information gleaned from this LAB analysis will be essential as we decide where to best spend resources to expand and retain businesses in Wisconsin both now and in the future."

Roessler added, "This important audit will include an inventory of economic development programs, geographic distribution of funds, statutory requirements being met for grants and loans, and comparisons with other states."

The next Joint Legislative Audit Committee is scheduled for Friday, February 13. The Committee will discuss the Comprehensive Annual Financial Report (CAFR) and the Family Care Program.

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