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☞ Details: Legislative Audit Bureau Letter Report (June 2006): Applied Technology Centers, Gateway Technical College

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
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INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
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- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

FOR IMMEDIATE RELEASE: November 29, 2005
CONTACT: Senator Judy Robson, 608-266-2253

Legislature OK's Audit of Gateway Technical College

The Legislature's Joint Audit Committee today authorized an audit of personnel practices at the state's technical colleges.

The audit request was made by Senators Judy Robson (D-Beloit), Glenn Grothman (R-West Bend), and Bob Wirsch (D-Kenosha) and Rep. John Lehman (D-Racine).

"I am pleased the Committee approved our request and am hopeful that the audit will provide answers to some of the questions legislators have been raising for months," Lehman said.

Testifying today in support of the audit request, Robson asked the Audit Committee to direct auditors to pay special attention to Gateway Technical College, which has been the subject of scrutiny by legislators.

Legislators have questioned the process by which Gateway created two private not-for-profit facilities, the Center for Advanced Technology and Innovation (CATI) in Sturtevant, and the Center for Bioscience and the Integration of Computer and Telecommunications Technology (BioCATT) in Kenosha.

Legislators have questioned whether the resources of the technical college were being used inappropriately for the benefit of the private entities. The legislators have been stonewalled on their attempts for information from the administrators of Gateway and the two technology centers.

"There has been a startling lack of openness and forthrightness on the part of Gateway administrators to discuss these relationships with the public, legislators, and most importantly, the taxpayers," Robson testified. "When these issues came to light last spring, Gateway refused to respond to questions by legislators who represent Kenosha and Racine. In fact, the college hired attorneys to file an open records request on our offices for any correspondence related to Gateway. When the Technical College System's auditors went to Gateway, the college's administrators hired attorneys to follow the auditors around. One can only conclude that they have little concept of their obligations to be accountable to the taxpayers and transparent in the privilege given to them in spending tax dollars."

Lehman noted that when the president of Gateway Technical College retires early next year, he will receive \$160,000 severance pay, health insurance for life, and will be able to work for Gateway as a consultant at a rate of \$90 per hour.

Robson and Lehman said they want the audit to determine the extent to which taxpayers' money that is supposed to support the technical college has mingled with the private enterprises.

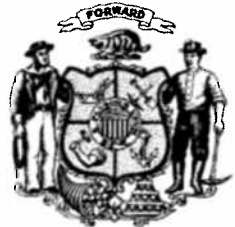
“Beyond the obvious evaluation of salaries and benefits, we also need to decide the extent to which college administrators are allowed to engage in private businesses with direct financial links to the college,” Lehman said.

The Legislative Audit Bureau expects to begin the audit in January and complete it by next summer.

-END-



WISCONSIN STATE LEGISLATURE



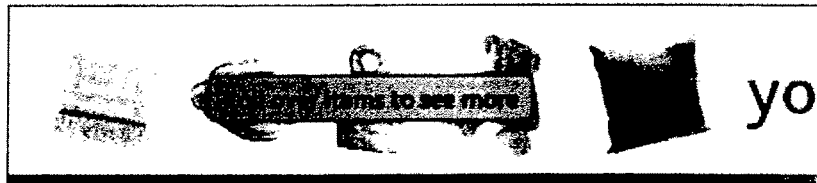
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From: "Sam Borden" <sborden@wi.rr.com> [Add to Address Book](#) [Add](#)
Mobile Alert

Draft

Sent

To: JLHALE71@YAHOO.COM

Bulk (6) [Empty]

Subject: Fw: SHOULD WE DO THIS?

Trash [Empty]

Date: Wed, 30 Nov 2005 09:25:17 -0600

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

What's your Credit Score?

From: [Sue Jeskewitz](#)
To: [Sam Borden](#)
Sent: Tuesday, November 29, 2005 10:22 PM
Subject: Re: SHOULD WE DO THIS?

Poor credit? Need \$? Free loan consult.

I just got it and am going to bed because we are leaving early in the morning, I will read it on the plane and call you!!! Great meeting. We can do it, Robin!!!!!!!!!!!! Sue

Best card for bad credit

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

\$300k Loan \$1313/mo. Go!

From: [Sam Borden](#)
To: [robinvos@wi.rr.com](#)
Cc: [sjjeskewitz@wi.rr.com](#)
Sent: Tuesday, November 29, 2005 10:10 PM
Subject: SHOULD WE DO THIS?

Robin,

When I arrived home this evening I received A news release from Robson and Lehman. I tried to attach it but could not. I think you can get it off their web site. I will fax to you tomorrow. This will not stop until there is some push back. Do you think we can get some legislators to push back. I have been given advise by an elected official we all know in Janesville that the way to handle Robson is to push back. I can not and would be only looked at as self serving. We need someone to take up our cause as they have got these legislators to do. IF ASKED I WILL CORABORATE THE INFORMATION BELOW. Below is a suggestion for a push back.

FOR IMMEDIATE RELEASE
THE LEGISLATIVE AUDIT COMMITTEE MET ON NOVEMBER 29 AND
TOOK THE FOLLOWING ACTION;

[TO BE FILLED IN]

WE THE FOLLOWING LEGISLATORS HAVE NOTED THAT A COUPLE OF LEGISLATORS HAVE CHOSEN TO SEND OUT THEIR OWN PRESS RELEASE INTERPRETING THE LEGISLATIVE AUDIT COMMITTEE MEETING ON NOVEMBER 29. SINCE THESE LEGISLATORS HAVE SEEN FIT TO SEND OUT NEWS RELEASES ON THEIR CONCERNS WE WOULD LIKE TO LIST OURS:

THE SCOPE OF THE AUDIT SHOULD NOT BE LIMITED TO GATEWAY. IT SHOULD INCLUDE, IN OUR OPINION, ALL PERSONNEL POLICES OF ALL COLLEGES AND SHOULD INCLUDE A STUDY OF THE INFLUENCE WEAC AND IT'S RELATED ENTITY GTEA AS WELL AS OTHER ORGANIZATIONS SUCH AS WFT HAS HAD ON THESE POLICIES. THIS WE BELIEVE IS COVERED UNDER THE LAST SCOPE STATEMENT PREPARED BY LEGISLATIVE AUDIT COMMITTEE STAFF.

WE WOULD ALSO LIKE TO SEE INCLUDED A STUDY OF HOW TAXPAYERS ARE SUBSIDIZING WCTS UNION RELATED ACTIVITY AND HOW IN SOME CASES UNION OFFICERS ALSO RECEIVE UNION MEMBERSHIP DUES FINANCIAL SUPPORT FOR THE SAME ACTIVITY.

WE WOULD ALSO LIKE TO SEE INCLUDED AN ANALYSIS OF POTENTIAL CONFLICTS OF INTEREST WITH TEACHER UNION PAST OR PRESENT OFFICERS SERVING ON THE WTSC STATE BOARD.

IN ADDITION, WE ARE CONCERNED THAT THREE LEGISLATORS ARE TAKING UP THE CAUSE OF THE GATEWAY TEACHERS UNION. DR. BORDEN WAS THREATENED LAST FEBRUARY THAT IF HE DID NOT AGREE TO GET BOTH CATI AND BIOCATT TO SIGN UNION ORGANIZATION AGREEMENTS THAT DIRE CONSEQUENCES WOULD OCCUR. THESE LEGISLATORS HAVE DISPLAYED A TENDENCY TO DISCUSS AND TAKE ACTION ON BEHALF OF THE TEACHERS UNION WITHOUT CHECKING THE ACCURACY OF THE INFORMATION AND HAVE CHOSEN NEWS RELEASES AS A WAY TO PUBLICIZE THEIR SUPPORT. MOST ALL ISSUES RAISED ABOUT GATEWAY HAVE ORIGINATED FROM THESE LEGISLATORS AND HAVE BEEN FUELED BY THE GATEWAY TEACHERS UNION. FOR EXAMPLE, ACCORDING TO THESE LEGISLATORS THEY INITIATED THE WTCS STUDY OF GATEWAY, BUT THE GATEWAY UNION MEMBERS WERE CIRCULATING COPIES ON CAMPUSES OF THE REQUEST BEFORE THE REQUESTS WERE SIGNED BY THE LEGISLATORS.

WE ARE PARTICULARLY CONCERNED ABOUT THE ACCURACY OF THEIR LAST NEWS RELEASE ON THE ACTION OF THE LEGISLATIVE AUDIT COMMITTEE. TO USE THE COMMITTEE FOR THEIR PURPOSES IS WRONG AND SMACKS AT A WITCH HUNT. FOR EXAMPLE, THE TITLE IS ABOUT ONLY A AUDIT OF GATEWAY WHICH THESE LEGISLATORS HAVE REQUESTED BUT THE COMMITTEE HAS NOT AGREED TO DO. IT IS NOT APPROPRIATE OR FAIR TO ONLY LOOK AT ONE INSTITUTION. IN ADDITION, WE HAVE ALSO CHECKED THE ACCURACY OF SEVERAL STATEMENTS IN THE RELEASE AND FIND THAT SEVERAL ARE INACCURATE FALSE AND MISLEADING. FOR

EXAMPLE, GATEWAY DID NOT HIRE ATTORNEYS TO FILE OPEN RECORDS REQUESTS AND THE LEGISLATORS WERE INFORMED SEVERAL MONTHS AGO BY THE WCTS SYSTEM PRESIDENT THAT THE SITUATION WITH ATTORNEYS FOLLOWING STATE STAFF CONDUCTING THE STUDY NEVER OCCURRED. IN ADDITION, MR. LEHMAN INDICATES THAT DR. BORDEN WILL RECEIVE \$160,000 SEVERANCE AND HEALTH INSURANCE FOR LIFE WHICH ARE BOTH FALSE STATEMENTS. WE ARE ALSO CONCERNED ABOUT THE ATTEMPTS BY THESE LEGISLATORS AND THEIR UNION INTERESTS TO MAKE UNFOUNDED CHARGES AND TO ACCUSE PEOPLE OF WRONG DOING AND THEN GO ON A WITCH HUNT TO FIND SOMETHING.

WE ARE LEGISLATORS ALSO AND HAVE STOOD BY LONG ENOUGH WATCHING THESE LEGISLATORS AND THE GATEWAY TEACHERS UNION AS THEY HAVE TRIED TO DESTROY ANY ENTUERPRNRURAL INITIATIVE OR INDIVIDUAL JUST TO KEEP CONTROL OF THE TECHNICAL COLLEGE SYSTEM. GATEWAY IS TRYING TO USE PUBLIC PRIVATE PARTNERSHIPS TO SAVE TAXPAYERS MONEY AND TO FURTHER ECONOMIC DEVELOPMENT. WE NEED TO GIVE THESE NEW IDEAS TIME TO BECOME SUCCESSFUL NOT KILL THEM BEFORE THEY GET STARTED. IF THESE IDEAS DO NOT WORK WE SHOULD WORK WITH PEOPLE AND INSTITUTIONS TO MAKE THEM BETTER. WE CALL UPON THE CONSTITUENCY OF THESE LEGISLATORS TO DEMAND THAT THESE LEGISLATORS REPRESENT ALL OF THEIR DISTRICTS NOT JUST THE TEACHER UNION. WHAT WE NEED IN THIS STATE IS MORE INSTITUTIONS SUCH AS GATEWAY WHO ARE TRYING TO BRING WISCONSIN INTO THE FUTURE. WE DO NOT NEED TO KILL NEW IDEAS IN THIS STATE IN THE NAME OF TEACHER UNION PROTECTIONISM. IF THESE DON'T WORK WE NEED TO NOT KILL THE MESSENGER BUT WORK WITH COLLEGES SUCH AS GATEWAY FIND SOMETHING THAT DOES. THE COUNTRY HAS DEVELOPED BECAUSE WE HAVE NURTURED AND DEVELOPED NEW IDEA WE NEED NOT TRY TO KILL THEM.

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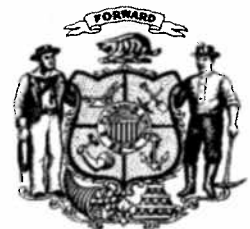
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WISCONSIN STATE LEGISLATURE





News Release November 30, 2005
Contact: Jayne Herring 262.564.3092

Robson Release Contains Factual Errors

Several factual errors were included in a release issued to media Tuesday by State Representative Judy Robson (D-Beloit)—see attached. Please compare the incorrect release information with correct information that immediately follows.

Paragraph 5:

INCORRECT RELEASE INFORMATION: Legislators have questioned the process by which Gateway created two private not-for-profit **facilities**, the Center for Advanced Technology and Innovation in Sturtevant, and the Center for Bioscience and the Integration of Computer and Telecommunications Technology in Kenosha.

CORRECT INFORMATION: Gateway built two applied technology centers by those names in partnership with several public and private entities as authorized by state statute which created the applied technology center concept and mandated a funding partnership, where 30% of the cost of the applied technology centers is required to be funded by business partners. There are two not-for-profit organizations, by the same name, that rent space in the facilities. In addition the president of Gateway, along with business and government leaders, serve on those boards of directors. No board member receives any financial remuneration for their participation just as with other organizations such as the Gateway Foundation, Racine County Economic Development Board, and the Workforce Development Board.

Paragraph 7:

INCORRECT RELEASE INFORMATION: Gateway refused to respond to questions by legislators.

CORRECT INFORMATION: Legislators have been contacted by telephone and by e-mail, offering information and inviting further inquiry. For example, on April 20th, Dr. Borden called Senator Wirch to discuss concerns expressed in an unsigned draft letter from the legislators that was being circulated among campus bargaining unit personnel. Dr. Borden also, at the request of the Wisconsin Technical College System president, discussed with Senator Wirch in a follow-up phone conversation about waiting for the results of the state study and that the review would address his questions. Senator Wirch agreed with that approach in his telephone conversation with Dr. Borden. After the formal WTCS review was launched, Dr. Borden sent a memo to the three legislators noting the review under way would address their concerns, answer concerns not in the review, and indicated that Gateway would also respond when the study was released. The review results were sent to the legislators September 30th, indicating the Gateway Board would be reviewing the state review document on October 4th. The Board approved the Gateway response to the state review on October 20th. The response document was sent to the legislators in a memo from Gateway COO Bryan Albrecht October 21st with an invitation to express any further questions or concerns. These legislators did not respond to Gateway.

INCORRECT RELEASE INFORMATION: In fact, the college hired attorneys to file an open records request on our offices for any correspondence related to Gateway.

CORRECT INFORMATION: Gateway did not hire anyone to pursue an open records requests of the legislators.

INCORRECT RELEASE INFORMATION: The college had hired attorneys who followed Wisconsin Technical College System auditors around.

CORRECT INFORMATION: At least one of the three legislators was informed by both the Wisconsin Technical College System president and Gateway staff that this did not happen. The WTCS President Clancy commented to the State Board, at its meeting on October 29th, indicated that Gateway was very cooperative in the review and at no time did anyone follow or hinder the reviewers.

Paragraph 8:

INCORRECT RELEASE INFORMATION: Representative Lehman noted that when Dr. Borden retires early next year, he will receive \$160,000 severance pay, health insurance for life, and will be able to work for Gateway as a consultant at a rate of \$90 per hour.

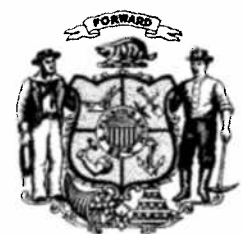
CORRECT INFORMATION: Dr. Borden's retirement package includes a one-time payment in January for salary, unused vacation, and sick leave benefits (to which Dr. Borden is entitled by contract) at an estimated value of \$92,663.67. He will also receive a fully paid-up **whole life insurance policy** in the amount of his final contract year base salary on the date of retirement; an approximate value is \$3000 per year as an insurance premium. In consideration, he has **waived** all other post-retirement benefits, including health care for himself and his family at an estimated value of \$89,000 and his salary for the balance of his contract valued at \$82,000. In the agreement, section 4, it states, "In consideration of the benefits provided under this Agreement, Borden hereby waives for himself and his spouse/dependents any and all Board paid post-retirement benefits under Board policy including health benefits pursuant to Policies I-300 and I-310."

The section in the agreement that has been referred to as "consulting," only refers to matters related to information, consultation or testimony regarding legal, governmental, accounting, financial, or other matters in pending legal actions. The agreement further states that Dr. Borden will fully cooperate in these instances.

Gateway Board and staff encourage the three legislators—Senators Robson and Wirch and Representative Lehman—to publicly meet with Gateway representatives to clarify any outstanding concerns relating to past or future audits or studies. Such a meeting would provide an open forum in which to discuss issues from all perspectives—the college's and the legislators'.



WISCONSIN STATE LEGISLATURE





3520 30th Avenue
Kenosha, WI 53144-1690

News Release

December 1, 2005

Contact: Tom Pleuger 262.564.3678

Bio-CATT, Inc. Response to Robson Testimony and Subsequent Press Release

State Senator Judy Robson's (D-Beloit) press release of November 29th (see attached) and her testimony to the Legislature's Joint Audit Committee (<http://www.legis.state.wi.us/lab/JCAHearing.htm>) **contained numerous factual errors.**

The Senator's testimony requested the Joint Committee undertake an audit of Gateway Technical College and certain not-for-profit entities, including Bio-CATT, Inc.

The Senator's erroneous information, garnered from unidentified sources, apparently is responsible for her continued innuendo and misstatement of facts as they relate to Bio-CATT, Inc.

Specifically, the Senator states in part that "legislators have been stonewalled in their attempts for information from the administrators of Gateway and the two technology centers." **The Executive Director of Bio-CATT, Inc. has not been contacted by any legislator, at any time, for any information whatsoever.**

The Senator's testimony asserts that one of Bio-CATT's board members, as president emeritus of Gateway, will be entitled to all income generated as "co-owner of Bio-CATT Inc." Bio-CATT, Inc. is a nonstock, nonprofit, non-member organization under Chapter 181 of the Wisconsin Statutes. **As such, the organization has no owners.** Bio-CATT's eleven-member board of directors is comprised of leaders from education, government, and industry; Bio-CATT's **directors receive no compensation for their service.**

In fact, Bio-CATT has been subject to review or audit by three separate governmental authorities. First, after review of extensive information regarding the organization's anticipated activities and operations, the Internal Revenue Service found Bio-CATT to be organized and operated consistent with the requirements of Section 501(c)(3) of the Internal Revenue Code, and not for the private benefit of any individuals. Second, the Wisconsin Technical College System audited the relationship and dealings between Bio-CATT and Gateway Technical College, but found problems only with certain limited procedural matters which have since been corrected. Finally, the Wisconsin Attorney General and Department of Justice have undertaken (at Senator Robson's request) an investigation of Bio-CATT and

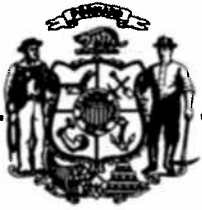
Gateway Technical College; although this investigation is ongoing, Bio-CATT's representatives have cooperated fully and proactively in providing the Department of Justice with complete access to all information regarding the organization's past, current and future activities.

Senator Robson's testimony also states that, "because neither Gateway nor either of these non-for-profit organizations has been willing to share any information..." Bio-CATT, Inc. **routinely shares its financial and other related information with interested parties, but has never been asked by any legislator, at any time, for any information.**

The Senator's testimony includes numerous other statements based on erroneous information seemingly intended to misdirect or mislead others. With further references to terms such as "Bizarro World," "Criminal Activities," and "Abuse," the Senator's words and actions are harmful, disparaging, and disingenuous.

Bio-CATT, Inc.'s board of directors and staff encourage Senator Robson, as well as other concerned legislators, to meet publicly with the organization's representatives in an effort to clarify any concerns relating to Bio-CATT, Inc.





Wisconsin Legislature

FOR IMMEDIATE RELEASE

December 1, 2005

CONTACT:

State Representative XXX

State Representative XXXX

REACTION STATEMENT ON ROBSON'S RELEASE OF "GATEWAY" TECHNICAL COLLEGE AUDIT

On November 29th, Sen. Judy Robson (D-Beloit) and Rep. John Lehman (D-Racine) sent out a press release interpreting the actions of the Joint Legislative Audit Committee and the committee's decision to audit the personnel practices of the state's technical colleges. We feel many of the statements in that release were misleading and inaccurate.

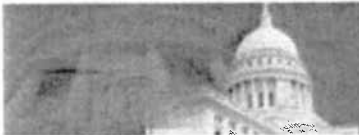
Sen. Robson's release ~~misconstrues~~^{misconstrues} the committee's action by making it look like it's only about Gateway when in fact the committee approved an audit of all of the state's technical colleges. We feel Sen. Robson and Rep. Lehman are using this legislative audit to pursue the desires of union organizations, such as WEAC, GTEA and WFT. It is our understanding that Dr. Sam Borden, President of the Gateway Technical College, was threatened last February that if he did not agree to get CATI and BIOCATT to sign union organization agreements that consequences would occur. Now Sen. Robson and Rep. Lehman are pushing this audit of Gateway using information from the unions and stating that they initiated this study when in fact union members were already circulating copies of the request on campus before the requests were signed by the legislators.

Robson's release includes other misleading information. For example, Gateway did not hire attorneys to file open records requests and the legislators were informed several months ago by the WCTS president that the situation with attorneys following state staff conducting the study never occurred. Rep. Lehman also indicates that Dr. Borden will receive \$160,000 severance and health insurance for life which is not true.

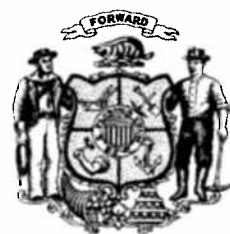
In addition to examining the personnel policies of all technical colleges, we feel the audit should include a study of the influence union organizations have had on these policies. We also feel the audit should examine how taxpayers are subsidizing union related activity and how union officers receive union membership dues financial support for the same activity. We would also like to see included an analysis of potential conflicts of interest with past and present union officers serving on the WTSC state board.

Instead of destroying entrepreneurial initiatives in an attempt to control the technical college system, as Sen. Robson, Rep. Lehman, and the unions are trying to do, we should use these public private partnerships to save taxpayers money and to further economic development. We need to give these new ideas time to become successful and not kill them before they get started. If these ideas do not work, we should work with people and institutions to make them better. The state should try to nurture institutions like Gateway who are trying to bring Wisconsin into the future.

###



WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN
Legislative Audit Bureau

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Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

CONFIDENTIAL

Janice Mueller
State Auditor

June 16, 2006

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co- chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

As requested by the Joint Legislative Audit Committee, we have completed an evaluation of the two applied technology centers constructed by Gateway Technical College: the Center for Advanced Technology and Innovation (CATI), and the Center for Bioscience and the Integration of Computer and Telecommunications Technology (BioCATT). These centers were constructed at a cost of \$7.4 million. Construction funds were obtained from \$5.0 million in bonds issued by Gateway, along with both cash and in-kind donations from area businesses.

Technical college construction projects of more than \$1.0 million must typically be approved by referendum, but a statutory exception exists for technology centers. However, statutes require at least 30.0 percent of construction costs to be funded with private contributions. This statutory requirement was not met because the value of in-kind contributions has been less than initially projected, and private businesses provided \$414,000 less than anticipated in cash donations.

Gateway's governing board chose to contract with two private, nonprofit corporations to manage daily operations of the two centers and provide other services. Contract agreements involving staffing, building maintenance and use, and programming are complex and have been amended frequently. Since the centers opened, Gateway has spent \$2.3 million to support facility operations but has received operating revenues of only \$106,800. The difference—\$2.2 million—has been paid from Gateway funds. Gateway is also expected to incur \$1.1 million in bond repayment costs through fiscal year 2005-06. The level of support provided suggests that Gateway should closely monitor the centers' ongoing operations to ensure costs are controlled and revenues maximized. *w/B diff. cat*

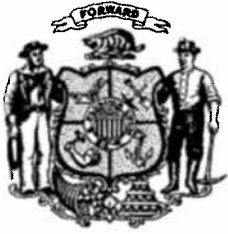
We reviewed detailed financial documentation and found no instances in which funds from Gateway or either of the nonprofit organizations were improperly paid to an employee of any other organization. However, we question Gateway's decision to enter into a contract with the private organization managing the BioCATT facility for use of four fiber-optic lines. One objective of the agreement was to reduce Gateway's telecommunications costs. However, this contract has not been cost-effective in the short-term. Future financial benefits will largely depend on the ability of BioCATT, Inc., to sell use of additional fiber optic lines.

We appreciate the courtesy and cooperation extended to us by staff of Gateway Technical College, the Wisconsin Technical College System Board, and the nonprofit organizations associated with the applied technology centers.

Sincerely,

Janice Mueller
State Auditor

JM/PS/bm

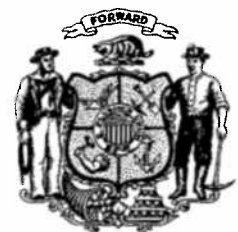


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For further assistance, contact the reference desk at (608) 266-0341 or lrb.reference@legis.wisconsin.gov.

State of Wisconsin - Legislative Reference Bureau
1 East Main Street, Suite 200
Madison, WI 53703



APPLIED TECHNOLOGY CENTERS
Gateway Technical College

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Gateway Technical College is one of 16 technical colleges in the Wisconsin Technical College System (WTCS). Gateway's district includes all of Kenosha, Racine, and Walworth counties, and the college operates facilities in Kenosha, Racine, Pleasant Prairie, Elkhorn, Burlington, and Sturtevant. Like all technical colleges in Wisconsin, Gateway is managed through a shared governance structure that has been designed to provide consistent educational opportunities and occupational programs statewide. The WTCS Board has several responsibilities, including setting statewide uniform tuition and fee rates, administering state and federal aid, developing statewide policies and standards in areas such as districts' financial reporting, and approving qualifications for districts' educational personnel and courses of study. However, each of the 16 technical colleges is directly governed by its own nine-member board. Gateway board members serve three-year terms and are appointed by a committee of county board chairs from the three counties within Gateway's boundaries. Section 38.08, Wis. Stats., requires that the board include employer, employee, local school district, state or local elected official, and citizen representation. Appendix 1 provides a list of current Gateway board members.

In March 2006, Gateway employed 687.1 full-time equivalent (FTE) staff to serve the 5,045 FTE students who were enrolled during the 2005-06 school year. The college's primary offerings include 53 associate degree and 21 technical diploma programs. Associate degree programs require two years of full-time coursework. Technical diplomas are either one- or two-year programs that focus on specific occupational skills. The tuition rate for courses is set by the WTCS Board. It will increase from \$80.50 per credit for the 2005-06 school year to \$87.00 for the 2006-07 school year.

Under the leadership of its former president, Gateway completed construction of two buildings in 2003, at a total cost of \$7.4 million:

- the Center for Advanced Technology and Innovation (CATI) , which is located in the Village of Sturtevant in Racine County; and
- the Center for Bioscience and the Integration of Computer and Telecommunications Technology (BioCATT), which is located on Gateway's campus in the City of Kenosha.

According to Gateway officials, these applied technology centers are intended to help Gateway meet the needs of entrepreneurs and emerging industries, such as bioscience, as well as to provide training that will improve the wages, skills, and productivity of area employees. The centers' combined 69,529 square feet of space represent 9.7 percent of all Gateway facilities.

Most technical college building projects over \$1.0 million require voter approval, and all construction projects require WTCS Board approval. However, because the buildings were constructed as applied technology centers under authority established by ss. 38.04(10)(d)1 and 38.15(3)(c), Wis. Stats., Gateway was not required to obtain voter approval for construction. The day-to-day activities of each center have been managed by two independent nonprofit organizations with which Gateway has chosen to contract.

Several issues have been raised regarding the creation of the centers and Gateway's affiliation with the private organizations managing them. Some legislators, unions representing Gateway's employees, and others have questioned the appropriateness of the decision-making process that preceded facility construction, as well as the costs of construction and ongoing management and operations. In response to these concerns, as well as broader concerns that have been raised regarding the personnel policies and practices of all 16 WTCS districts, the Joint Legislative Audit Committee directed the Legislative Audit Bureau to conduct an audit. This report includes only our analysis of Gateway's applied technology centers. Our report on personnel policies and practices will be released later this year.

To assess the creation and operation of Gateway's applied technology centers, we analyzed:

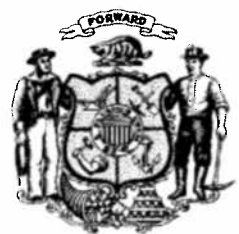
- compliance with statutory and WTCS requirements;
- the centers' revenues and expenditures;
- the roles of the private, nonprofit organizations that provide management services for the centers;
- the extent to which the centers' current operations are consistent with initial plans; and
- ongoing management issues associated with the centers' operations.

In conducting our review, we interviewed staff of Gateway and WTCS. In addition, we spoke with officials of the private organizations managing the centers, union representatives, members of the Gateway board, and other interested parties. We also reviewed relevant documentation associated with facility construction, management, and operations, including financial statements and other financial documents maintained by Gateway and the private organizations managing the facilities, as well as 2005 and 2006 reports by WTCS office staff reviewing Gateway's compliance with system policies and procedures.

It should be noted that our review was conducted concurrently with a review performed by the Department of Justice (DOJ), which was prompted by a request from several legislators to investigate issues such as Gateway's legal authority as a public entity to create the private organizations associated with the applied technology centers; possible conflicts of interest in their creation, including the involvement of Gateway's former president, who retired in January 2006; and the fact that BioCATT, Inc.'s executive director is a former Gateway board member. DOJ is also reviewing possible violations of the open meetings and open records laws by the various governing boards. We did not address these issues in our review. Instead, we coordinated our efforts with DOJ to avoid unnecessary duplication of effort and focused our review on the cost, management, and operations of the two applied technology centers.



WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN

Legislative Audit Bureau

22 E. Mifflin St., Ste. 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

Janice Mueller
State Auditor

July 11, 2006

Mr. Randy Wessel
Wessel Computer Resources
P.O. Box 081728
Racine, Wisconsin 53408

Dear Mr. Wessel:

Thank you for your letter of June 29, 2006, regarding our report on Gateway Technical College's Applied Technology Centers. I am pleased that you found the information presented in our report helpful. We take our responsibility of providing objective, nonpartisan information to the Legislature and the public very seriously, and we do our best to reflect this effort in our reports.

In the written comments you submitted, you make reference to several issues that were not addressed as completely or directly as you had hoped. I believe that the report addresses the principal concerns raised by the requestors of the audit. However, as is typical of all of our reports, we focused our analysis and could not include all of the information we collected during the course of our review.

For example, you note that Gateway often uses the term "Advanced Technology Center," rather than the statutory term "Applied Technology Center" that we used. This is because Gateway has a third center, the Lakeview Advanced Technology Center located in Pleasant Prairie, which was not established under the special legislation that led to the construction of BioCATT and CATI. Gateway officials often refer to all three centers as Advanced Technology Centers.

Several of the points you referenced could be considered matters of opinion. For example, you note that the report does not address whether it makes sense for Gateway to continue to use nonprofit organizations in managing the centers given the problems we identified. There is no direct answer to that question from an audit perspective. With appropriate controls, the centers could be run effectively either with nonprofit organizations or directly by Gateway. In our report, we identified problems associated specifically with Gateway's existing agreements with the nonprofit organizations, but that does not necessarily mean amending the agreements could not result in cost-effective management. However, we do note that Gateway has taken recent steps to terminate its management agreements with the nonprofit organizations managing the centers.

We also focused our efforts on assessing those criteria that could be readily measured. For example, you note that our report devotes substantial attention to determining whether Gateway

Mr. Randy Wessel

Page 2

July 11, 2006

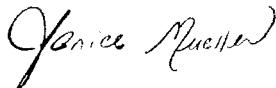
met the statutory requirement that at least 30.0 percent of the center's construction costs be paid through cash or in-kind contributions from area businesses. Some of the other statutory criteria were not addressed as completely. This is because other statutory requirements, such as a center being "likely to maintain or increase the number of jobs in the region served by the center that require a high level of skill and provide high wages" and being likely to "increase the productivity of employees served by the center," are more subjective and difficult to quantify.

Finally, you question why we used 2005 draft financial statements for BioCATT, Inc. in our analysis. It was not our charge to replicate the financial audits conducted of either nonprofit organization. This would have been costly and time consuming. The financial audits of the two nonprofit organizations were conducted by private accounting firms under contract with the nonprofit organizations, as is typical. During the course of our audit, only draft financial statements were available for 2005. Therefore, we had the choice of using the best available information, which was unlikely to change substantially when finalized, or delay the release of our report until we had access to the final audited financial statements. Because there was substantial legislative interest in providing more timely information, we chose to use the draft financial statements available to us at that time.

I hope this clarifies the issues you raised. If the Joint Legislative Audit Committee chooses to hold a hearing on this report, we will inform you of the date, time, and location. This would provide you with another opportunity to share your observations.

Thank you for your continued interest in our work. I appreciate the comments you provided.

Sincerely,



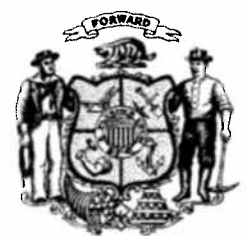
Janice Mueller
State Auditor

JM/PS/bm

cc: Senator Carol A. Roessler
✓ Representative Suzanne Jeskewitz
Senator Judy Robson
Senator Robert Wirch
Representative John Lehman



WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

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July 21, 2006

Mr. Thomas Pleuger
Executive Director
BioCATT, Inc.
3520 30th Avenue
Kenosha, WI 53144

Linda Maroney, Esq.
Gardner, Carton & Douglas LLP
777 East Wisconsin Avenue
Suite 2000
Milwaukee, WI 53202-5319

Dear Mr. Pleuger and Ms. Maroney:

As you know, for the past several months, the Department of Justice and the Legislative Audit Bureau have been cooperating in a comprehensive financial, legal and policy review of issues surrounding the creation of, and relationships between Gateway Technical College, BioCATT, Inc. and CATI, Inc. Part of this effort included a criminal investigation by the Department of Justice to review allegations of ethics violations by various public officials, allegations of misconduct in public office and questions concerning the lack of compliance by BioCATT, Inc., and CATI, Inc. with the Wisconsin open meetings and public records laws. We appreciated your cooperation with our office's investigative efforts throughout this process.

The Department's review of all of the issues raised by the creation and operation of BioCATT, Inc. is not complete. However, we are prepared at this time to inform you of our conclusion that BioCATT, Inc. is a *governmental body* and an *authority* as those terms are used for coverage by and compliance with the Wisconsin open meetings and public records laws, section 19.81 *et seq.* and section 19.31 *et seq.*, respectively, of the Wisconsin statutes.

We believe that BioCATT, Inc. is required to comply with the law because it meets the criteria of a *quasi-governmental corporation*, as the term is used in sections 19.32(1) and 19.82(1) of the Wisconsin statutes. Although the term is not defined further in either the statutes or in case law, prior Attorney General opinions have discussed it in some detail. We have enclosed the most recent such opinion, 80 Op. Att'y Gen. 129 (1991). It is also the most directly factually relevant opinion to the facts of this matter.

The purpose of this letter is to inform the leadership of BioCATT, Inc. of our conclusions and to request written confirmation from you, along with evidence of a formal resolution passed by BioCATT, Inc. that it will comply henceforth with the Wisconsin open meetings and public records law. Such written confirmation must be received within 14 days of the date of this letter.

Mr. Thomas Pleuger
Linda Maroney, Esq.
July 21, 2006
Page 2

In the event that compliance by BioCATT, Inc. is not forthcoming, our office is prepared to seek judicial enforcement under the open meetings and public records laws against the corporation and its officers and directors.

BioCATT, Inc. and CATI, Inc. are just two more examples of an alarming trend in government to "spin off" governmental functions to alleged private entities. The net result is a loss of public accountability, particularly in the area of financial oversight. Making sure that such "spin off" private entities from governmental bodies are not used to avoid public oversight and accountability is a high priority for the Public Integrity Unit. This Unit has recently prosecuted members of a spin-off economic development corporation in Beaver Dam, Wisconsin, and is aggressively pursuing an appeal in that case in order to get definitive guidance from the Wisconsin courts on this important public policy issue.

We are particularly concerned that in the case of organization and structuring of Applied Technology Centers (ATCs), the creation of nonprofit corporations to manage and run the centers is the result of a conscious effort to avoid compliance with Wisconsin's tradition of open government. Documentary evidence received by this office indicates that those advocating the creation of such nonprofit corporations around the state as a vehicle to fund and manage ATCs are including in their sales pitch an argument that using this type of non-profit structure provides a **benefit** by not having to comply with the open meetings and public records laws. We consider this contrary to both the letter and the spirit of both laws and will aggressively pursue violations when we find them.

If you have any questions, please do not hesitate to contact me. We sincerely hope that formal enforcement action in this matter will not be necessary.

Very truly yours,



Monica Burkert-Brist
Assistant Attorney General
Coordinator, Wisconsin Public Integrity Unit

MBB:kw:jn

cc: Honorable Judith Robson
Honorable Bob Wirth
Honorable John Lehman
Attorney Ray Taffora



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

PEGGY A. LAUTENSCHLAGER
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July 21, 2006

Mr. Matthew Wagner
Executive Director
CATI, Inc.
2320 Renaissance Blvd.
Sturtevant, WI 53177

Michael D. Bannon, Esq.
De Mark, Kolbe & Brodek S.C.
6216 Washington Avenue
P.O. Box 085009
Racine, WI 53408-5009

Dear Mr. Wagner and Mr. Bannon:

As you know, for the past several months, the Department of Justice and the Legislative Audit Bureau have been cooperating in a comprehensive financial, legal and policy review of issues surrounding the creation of, and relationships between Gateway Technical College, BioCATT, Inc. and CATI, Inc. Part of this effort included a criminal investigation by the Department of Justice to review allegations of ethics violations by various public officials, allegations of misconduct in public office and questions concerning the lack of compliance by BioCATT, Inc., and CATI, Inc. with the Wisconsin open meetings and public records laws. We appreciated your cooperation with our office's investigative efforts throughout this process.

The Department's review of all of the issues raised by the creation and operation of CATI, Inc. is not complete. However, we are prepared at this time to inform you of our conclusion that CATI, Inc. is a *governmental body* and an *authority* as those terms are used for coverage by and compliance with the Wisconsin open meetings and public records laws, section 19.81 *et seq.* and section 19.31 *et seq.*, respectively, of the Wisconsin statutes.

We believe that CATI, Inc. is required to comply with the law because it meets the criteria of a *quasi-governmental corporation*, as the term is used in sections 19.32(1) and 19.82(1) of the Wisconsin statutes. Although the term is not defined further in either the statutes or in case law, prior Attorney General opinions have discussed it in some detail. We have enclosed the most recent such opinion, 80 Op. Att'y Gen. 129 (1991). It is also the most directly factually relevant opinion to the facts of this matter.

The purpose of this letter is to inform the leadership of CATI, Inc. of our conclusions and to request written confirmation from you, along with evidence of a formal resolution passed by CATI, Inc. that it will comply henceforth with the Wisconsin open meetings and public records law. Such written confirmation must be received within 14 days of the date of this letter. In the

Mr. Matthew Wagner
Michael D. Bannon, Esq.
July 21, 2006
Page 2

event that compliance by CATI, Inc. is not forthcoming, our office is prepared to seek judicial enforcement under the open meetings and public records laws against the corporation and its officers and directors.

BioCATT, Inc. and CATI, Inc. are just two more examples of an alarming trend in government to "spin off" governmental functions to alleged private entities. The net result is a loss of public accountability, particularly in the area of financial oversight. Making sure that such "spin off" private entities from governmental bodies are not used to avoid public oversight and accountability is a high priority for the Public Integrity Unit. This Unit has recently prosecuted members of a spin-off economic development corporation in Beaver Dam, Wisconsin, and is aggressively pursuing an appeal in that case in order to get definitive guidance from the Wisconsin courts on this important public policy issue.

We are particularly concerned that in the case of organization and structuring of Applied Technology Centers (ATCs), the creation of nonprofit corporations to manage and run the centers is the result of a conscious effort to avoid compliance with Wisconsin's tradition of open government. Documentary evidence received by this office indicates that those advocating the creation of such nonprofit corporations around the state as a vehicle to fund and manage ATCs are including in their sales pitch an argument that using this type of non-profit structure provides a **benefit** by not having to comply with the open meetings and public records laws. We consider this contrary to both the letter and the spirit of both laws and will aggressively pursue violations when we find them.

If you have any questions, please do not hesitate to contact me. We sincerely hope that formal enforcement action in this matter will not be necessary.

Very truly yours,



Monica Burkert-Brist
Assistant Attorney General
Coordinator, Wisconsin Public Integrity Unit

MBB:kw:jn

cc: Honorable Judith Robson
Honorable Bob Wirsch
Honorable John Lehman
Attorney Ray Taffora





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July 21, 2006

Representative Suzanne Jeskewitz
Wisconsin State Assembly
P.O. Box 8952
Madison, WI 53708

**RE: Wisconsin Technical College System
Gateway Technical College**

Dear Representative Jeskewitz:

I am bringing the following data and comments to your attention because I believe the actions I have observed within the Wisconsin Technical College System over the past year are of serious and urgent concern. The WTCS, through both its overt and implicit actions, is promoting and allowing for an alternate agenda for the future of Wisconsin technical education in the state of Wisconsin versus what is required by statute in Wisconsin Chapter 38. My observations are the direct result of having worked as an Advisory Committee chair for Information Technology (IT) at Gateway Technical College for over 15 years. Events of the past year have opened my eyes to the manner in which the management of the school locally, as well as the oversight by the Wisconsin Technical College System raises significant questions for me as both a long term school advisor as well as a local taxpayer. Will it take repeated calls for legislative audits and program reviews to continue to publicly “monitor” the private operations of public assets? **At issue is the privatization of public funds.**

First, Gateway Technical College was recently audited by the Legislative Audit Bureau as a result of its decision to create non-profit corporations and then contract with these corporations to manage the Applied Technology Centers (known as CATI, Inc. in Racine and BioCATT, Inc. in Kenosha). The audit revealed that these centers have generated approximately \$107,000 in revenues versus \$2.4 million of expenses—while taxpayers must pay the debt without referendum approval. One of the main tenets of the law that allowed Gateway to construct these centers without going to referendum was a 30% “contribution” requirement by the business community toward the construction of these centers. The WTCS challenged and partially reduced one of the major components of a Gateway “contribution” (i.e., the “Solid Edge” CADD software donation by EDS) before construction on both centers even began. The Legislative Audit Bureau further challenged and significantly again lowered the value of the same “contribution” based on the actual computer usage of the software. Other “donations” were also shown to be significantly “overvalued” in the LAB report thereby indicating that the 30% donation requirement was NOT met---and apparently not “certified” or audited by the WTCS BEFORE giving its approval to build these ATCs without referendum.

Page Two

Representative Suzanne Jeskewitz

This audit was conducted on the heels of a full year of investigations by the Wisconsin Technical College System which reported its findings in September, 2005 and January, 2006. The audit report has revealed data about the performance of these Applied Technology Centers that would not have otherwise been made public absent the requests to the Legislative Audit Committee by several legislators concerned about the accountability of the Gateway operations. Also, a Department of Justice investigation into the Gateway ATC issues is actively examining several "unresolved" legal issues associated with the structuring of these non-profit corporations linked to Gateway.

While the legislation allowing the WTCS system to build ATCs without referendum has recently sunsetted, oversight of the districts that already operate these public centers is STILL strongly needed. Currently Waukesha Community Technical College is considering creating a similar "private non-profit" corporation to manage its recently "approved" Printing Applied Technology Center. Given the critical performance results revealed by the Gateway audit, taxpayers must seriously question the rationale to proceed with these plans. A close examination of minutes from a recent WCTC ATC Task Force meeting reveal many disturbing facts—the most significant being that the school appears ready to allow manipulation of the statute once again via construction of a publicly-funded building that likely will be handed over PERPETUALLY (YES, with a perpetual lease!) to separate and private businesses who will have the RIGHT to take control of public resources and use them as "sales floors" for their equipment and products—while taxpayers pay for this "showroom."

Another significant fact, which has already impacted the Gateway CATI Center, is a "donation" that was made by one of the center's tenants that later was shifted to the status of "prepaid rent" for 25 years. The impact of this is two-fold – the tenant avoids rent payments for 25 years under this agreement and Gateway loses out on rent revenue for the use of the facilities and debt service reduction. How could this arrangement have been allowed to be structured, even if done under the protective cloak of "economic development?" How these behaviors take place without more scrutiny and accountability to the taxpaying public totally mystifies me. It is obvious that Gateway (and now WCTC) is NOT treating this as annual rent revenue and that a "donation" by definition SHOULD NOT be allowed to demand something in return! The ATC statute and policy state that donations are to be used to defray the cost of the project and as such SHOULD NOT instead be treated as foregone facility rent that should be received for its operations.

More recently Gateway has publicly touted the success of a US Department of Labor grant awarded to the college to train automotive service technicians and instructors. It should be pointed out that the publicity around the receipt of this federal grant fails to identify that the monies which come to the school through this grant are being paid out to third party vendors and that little or no training or curriculum development is being done by the college whatsoever. GTC then apparently acts as "general contractor" for private (and out of state) training contractors while publicly stating that Gateway is doing the virtual training—which they are not. One must seriously question the "positive" impact of such a "transfer of funds" if the faculty and staff at the school are not allowed to facilitate the training provided for under this grant or take advantage of the monies being "funneled" in and then out of the district. This process seriously questions the ethics, integrity and purpose of local technical education by not including appropriate personnel and resources of the district in these actions. A similar arrangement is proposed for the training to be done at the Printing ATC in Waukesha.

Page Three

Representative Suzanne Jeskewitz

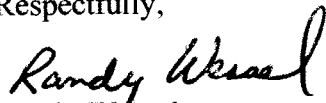
I believe these actions have been allowed to take place under the eyes of the Wisconsin Technical College System office personnel who clearly are not just looking the other way, but specifically allowing taxpayer money to be misdirected. The WCTC Task Force minutes indicate their approval to allow district resources to be "perpetually" given away (even as the debt on these projects is being paid for by the district taxpayers); to allow for "donations" that demand payback; and to allow for technical training to be handed over to private entities. How can they possibly take this stance given what the entire state has learned from the terrible results documented in the recently released Gateway audit--plus the fact that Gateway administration is now severing it's already "way too costly" relationships with the very non-profit corporations they created?

The fact that the WTCS office appears to STILL be working behind the scenes to allow such blatant misuse of taxpayer dollars, circumvention of state statutes, and lax certification of statute requirements, appears totally negligent at best and financially irresponsible at worst.

And as I complete this letter to you, the Milwaukee Journal-Sentinel has published a front page article titled "Recovery plan would privatize museum" (July 19, 2006, Page 1 Headline). Keep in mind that the Milwaukee Public Museum was managed by a 501(c)3 corporation which is now under criminal investigation, and the perceived need to now "privatize" the museum in order to recover from the losses that were generated under the management of this private corporation. It paints a sad picture of the result of handing over control of public assets to private corporations with no accountability to the public during the process. Might we anticipate a headline in the future "Recovery plan would privatize technical school system" as a by-product of the lax policies set forth by the WTCS and subsequent mismanagement behind the closed doors of these private entities.

I trust that you will review this information and share it with those who can effect the changes necessary to keep good public technical education on its intended course--with diligent oversight and proper policies in place to ENSURE stringent accountability and transparency for the taxpaying public --who are entitled to an even higher level of due diligence as specifically granted under this ATC legislation.

Respectfully,


Randy Wessel

cc: Governor Jim Doyle
Wisconsin Senators
Wisconsin Representatives
Department of Justice
Wisconsin Technical College System Board
Gateway Technical College Board of Trustees
Waukesha Community Technical College Board of Trustees
Racine Taxpayers Association



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'Recovery plan' would privatize museum

Report also calls for increased funding from county

By **DAVE UMHOEFER**
dumhoefer@journalsentinel.com

Posted: July 18, 2006

A report prepared for the Milwaukee Public Museum says the cash-strapped institution can't survive even with a big fund-raising campaign unless Milwaukee County infuses more public money and then cedes control of the museum and its collections to the existing private operator by 2011.

Advertisement The proposed recovery plan would allow for more fund-raising independence and calls for forgiveness of major debt by banks to address donor complaints about contributions going to pay back years-old loans.

The public-private museum's current operating plan "doesn't provide a long-term sustainable solution to the current situation," says a lengthy report given to top museum board members and shared with key county officials in recent weeks.

The dire assessment provides the underpinning for a multifaceted plan that comes just a year after public-private bailout of the museum, which grew too fast and at the end of 2005 was millions of dollars in the red. A criminal investigation into the museum's swift financial fall is ongoing, though no allegations of missing money have been made.

Reaction among county officials regarding transfer of museum ownership ranged from caution to open hostility.

County Executive Scott Walker said he is open to full privatization but is skeptical that Milwaukee County can boost its annual contribution to the museum as it phases into total private control, as the museum report suggests. County Supervisor Lynne De Bruin called the plan a bad deal for the county that would leave the museum even more vulnerable to closure.

De Bruin, chairman of the County Board's parks committee, is calling for a study of various governance options for the museum, which narrowly averted closure last summer. She said Milwaukee Public Museum Inc., the non-profit entity that operates the facility, should not be the first or only entity given the chance to own the museum if it comes to that.

"They've had major problems," De Bruin said. "And they essentially want us to pay for the privilege" of turning the museum over.

The museum's draft recovery plan and financial report, released by De Bruin at the request of the Journal Sentinel, concludes: "The successful restructuring plan implemented during the summer of 2005 stopped the financial deterioration at MPM that began during prior periods. However, this restructuring came too late to prevent MPM from becoming unable to service its liabilities on a going-forward basis. MPM's assets are depleted, its operating scale is downsized, and its liabilities are too large to be serviced and/or repaid on a timely basis given the downsized nature of its operations."

Museum President Dan Finley said Tuesday that he agreed, in general, with the forecasts in the report. He said he was aware of the political hurdles to a new arrangement with the county but was optimistic that the museum's fiscal security would be achieved with the help of all key stakeholders.

"The Milwaukee Public Museum will be here in the long run. No one is concerned about its closing its doors," Finley said.

Larger county payments

Under the draft of the recovery plan, the county would increase its annual operating contribution to the museum until 2010 and then taper off to zero by 2015. The county is providing \$3.4 million this year but would give \$4 million in 2007 under the plan, and 5% more a year through 2010.

Banks would be asked to forgive some of the old debt that burdened the museum's balance sheet even before last summer's crisis, under the plan. In addition, the museum would try to get out of its deal to purchase the former Discovery World space in the museum center downtown.

Finley and museum board Chairman John Schlifske have briefed county officials on the proposal, which Finley said had not been voted on by the museum board. The plan is only one of the options for giving the museum full independence from the county, Finley said.

Schlifske, a top executive at Northwestern Mutual Life Insurance Co., said he wrote the plan. Schlifske said adoption of some version of the plan is "not a long shot." It was shared with county officials to show that the museum is not out of the woods long term and to get talks started, he said. If the county wants to retain control of the museum, he said, it will have to put more money into the institution to keep it viable.

Finley said the plan was based in part on word from major potential donors that they were reluctant to give to the museum as long as it is connected to the county. The county spun off the museum's operations to Milwaukee Public Museum Inc. in 1992 and slowly has reduced public contributions to the institution.

After the county guaranteed emergency private loans of \$6 million to keep the museum open, museum officials announced late last year that it would have to raise at least \$29.4 million over the next five years for operations, capital and replenishing its virtually drained endowment.

The internal museum report also notes that "no donor could or should be expected to contribute to a campaign that doesn't provide a long-term viable solution."

Finley said some would-be donors want to see more turnover on the museum's board, which was blamed

for poor oversight of museum finances in recent years. "It's being addressed," he said, noting that half the board is new.

In spring 2005, the county and museum agreed to a 20-year lease extension - later shelved when the museum's stunning deficits became public. Under that extension, taxpayers would have contributed \$70 million to the institution.

The wording in the draft recovery plan is at odds with the relatively optimistic short-term forecasts issued in various reports by museum officials this year.

Finley, Schlifske and museum Chief Financial Officer Mike Bernatz - all new in their positions since last summer's revelations - have stabilized the vastly downsized museum's daily operations, accelerated payments to banks and vendors and oversaw a successful major exhibit about the Vatican this spring. Annual fund raising is ahead of schedule, and several major gifts have been announced.

Attendance disappoints

But overall attendance has been disappointing, causing revenue shortfalls. The museum recently hired Lisa Berman to pump up marketing as the institution looks ahead to competing with the new Pier Wisconsin and Discovery World museums at the lakefront.

And looking ahead to the September-through-August fiscal year of 2006-'07, the museum faces tough decisions to offer a balanced budget without resorting to more layoffs, officials have said. A \$500,000 shortfall exists as final decisions are being made, Finley said.

At a museum committee meeting last week, Bernatz repeatedly asked about altering the policy of free-admission Mondays for county residents. He asked whether it could be reduced to a half-day. The admission policy is written into the museum lease.

Museum officials are kicking around other ideas as they struggle to make ends meet and reshape the institution:

- Naming the museum after a major donor if such a contribution were to materialize. The county would have to agree to a renaming.
- Seeking regional support from individuals and governments in neighboring counties whose residents patronize the museum frequently. Finley has not backed a new regional tax.
- Investigating whether some collections could be ceded to other museums that have a larger volume of certain artifacts.

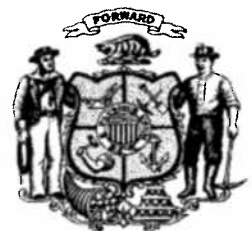
From the July 19, 2006 editions of the Milwaukee Journal Sentinel
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WISCONSIN STATE LEGISLATURE



September 6, 2006

The Honorable Carol A. Roessler and
The Honorable Suzanne Jeskewitz
Co-Chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

The Honorable Scott Fitzgerald
The Honorable Dan Kaufert
Co-Chairpersons
Joint Committee on Finance
State Capitol
Madison, Wisconsin 53702

RE: DEPARTMENT OF COMMERCE REPORT ON CATI, INC. FUNDING

Dear Co-Chairs:

As required by the Legislative Audit Bureau's June 2006 Letter Report entitled, "Applied Technology Centers, Gateway Technical College", page 11 recommendation, the Department of Commerce is reporting on the funding of the CATI, Inc. expansion of operations to Milwaukee County and Waukesha County.

Pursuant to WI statutory provision s. 20.143 (1) (c) Stats., Commerce, through the Wisconsin Development Fund, is to provide up to \$100,000 annually for the continued development of a manufacturing and advanced technology training center in Racine.

Prior to 2006, The Center for Advanced Technology and Innovation of Racine County, Inc. previously received Department assistance through the following programs and is current on all reporting requirements:

Award Date	Contract#	Program	Award Amount
6/05	FY05-11837	LEG	\$200,000
3/04	FY04-11032	CBD9	\$6,100
5/02	FY02-7774	LEG	\$200,000
7/00*	FY01-0003	LEG	\$1,000,000

* This award was to establish the Racine-Kenosha Manufacturing Technology Training Center at Gateway Technology College.

In February 2006, the Legislative (LEG) award funds were awarded to open a satellite operation in Milwaukee and Waukesha counties. CATI, Inc. indicated this will save resources by regionalizing their efforts to support manufacturing technologies. The proposal had the support of all three County Executives and the Greater Milwaukee Committee. CATI felt that this will also assist Racine County manufacturers by leveraging intellectual property from both Milwaukee and Waukesha counties to be used in their own product development.

Eligible Project Costs are as follows:

USES	SOURCES			TOTAL
	STATE	Private Contributions	Program Revenue	
Working Capital - administrative expenses	\$200,000	\$300,000	\$72,000	\$572,000
TOTAL	\$200,000	\$300,000	\$72,000	\$572,000

The funds have not yet been drawn on this award.

Please notify the Department if you need any additional information.

Sincerely,


Mary Burke
SECRETARY

20.115 APPROPRIATIONS AND BUDGET MANAGEMENT

schedule for general program operations related to agrichemical management.

(s) *Principal repayment and interest; soil and water, environmental fund.* From the environmental fund, the amounts in the schedule for the payment of principal and interest costs incurred in providing funds for soil and water resource management projects under s. 92.14 and to make the payments determined by the building commission under s. 13.488 (1) (m) that are attributable to the proceeds of obligations incurred in financing those projects.

(uc) *Pesticide sales and use reporting system development.* From the environmental fund, as a continuing appropriation, the amounts in the schedule for assistance in developing the pesticide sales and use reporting system under s. 94.695.

(va) *Clean sweep grants.* From the recycling fund, the amounts in the schedule for chemical and container collection grants under s. 93.55 and for household hazardous waste grants under s. 93.57.

(wm) *Agricultural chemical cleanup reimbursement.* From the agricultural chemical cleanup fund, as a continuing appropriation, the amounts in the schedule for reimbursement of corrective action costs under s. 94.73.

(B) CENTRAL ADMINISTRATIVE SERVICES. (a) *General program operations.* The amounts in the schedule for general program operations to provide central administrative services.

(g) *Gifts and grants.* All moneys received from gifts and grants to carry out the purposes for which made.

(gm) *Enforcement cost recovery.* The amounts in the schedule for the purpose of enforcement. Except as provided in s. 93.20 (4), all moneys received by the department pursuant to a court order under s. 93.20 (2) as reimbursement of enforcement costs, or as part of a settlement agreement or deferred prosecution agreement that includes amounts for enforcement costs described in s. 93.20 (3) shall be credited to this appropriation.

(h) *Sale of material and supplies.* All moneys received from the sale of publications and other informational material and supplies for the preparation of material and purchase of supplies.

(ha) *General laboratory related services.* All moneys received, other than from state agencies, for the performance of general laboratory services under s. 93.06 and other laws under which the department performs testing services and all moneys received as payment for milk standards used to calibrate or verify milk component testing instruments to carry out the purposes for which those moneys are received.

(hm) *Restitution.* All moneys received by the department as court-ordered restitution to victims or payments for other persons represented by the department for the purpose of making the restitution or payments and for the department's costs in administering the restitution or payments, as authorized by court order.

(i) *Related services.* The amounts in the schedule for the conduct of central administrative services for which service fees are assessed. All moneys received from service fees for central administrative services shall be credited to this appropriation.

(j) *Electronic processing.* All moneys received under s. 93.06 (1a) to be used for electronic processing authorized under s. 93.06 (1a) (a) and (b).

(jm) *Telephone solicitation regulation.* All moneys received from telephone solicitor registration and registration renewal fees paid under the rules promulgated under s. 100.52 (3) (a) for establishing and maintaining the nonsolicitation directory under s. 100.52 (2).

(k) *Computer system equipment, staff and services.* The amounts in the schedule for the costs of computer system equipment, staff and services. All moneys received from the department for those purposes shall be credited to this appropriation account.

(kL) *Central services.* All moneys received from the department for program-specific services that are performed centrally, except moneys received under par. (km), for the purpose of performing those services.

(km) *General laboratory services.* Biennially, the amounts the schedule for the costs of the services performed by the department's central laboratory. All moneys received from the department for those services shall be credited to this appropriation.

(ks) *State services.* All moneys received from other state agencies for the costs of the services performed for those state agencies, to provide those services.

(m) *Federal funds.* All moneys received from the federal government as authorized by the governor under s. 16.54 for central administrative services.

(pz) *Indirect cost reimbursements.* All moneys received from the federal government as reimbursement of indirect costs, grants and contracts for the purposes authorized in s. 16.54 (9) (t).

History: 1971 c. 125, 215; 1973 c. 90, 299, 333; 1975 c. 39 ss. 78m, 79, 79m, 75, 732 (1); 1975 c. 224; 1975 c. 394 ss. 1, 27; 1977 c. 29 ss. 112 to 115v, 1650m (1), 6, 1654 (1); 1977 c. 87, 106, 181, 418; 1979 c. 34, 129, 221, 289, 335; 1981 c. 20, 6, 93, 283, 346, 357; 1983 a. 27, 132, 368; 1983 a. 410 ss. 5, 2202 (2); 1985 a. 7, 8, 2, 138, 153, 313; 1987 a. 27, 281, 354; 1987 a. 399 ss. 34 to 38, 38a; 1987 a. 403 s. 25, 1989 a. 31, 219, 227, 282, 284, 335, 336; 1991 a. 39, 269, 309, 315; 1993 a. 16, 16, 243, 437, 456, 497; 1995 a. 27, 42, 79, 460; 1997 a. 27, 192, 252, 264; 1999 a. 5, 55, 185; 2001 a. 16, 38, 56, 103, 109; 2003 a. 33, 38, 133, 326, 327; 2005 a. 25.

20.143 Commerce, department of. There is appropriate to the department of commerce for the following programs:

(1) ECONOMIC AND COMMUNITY DEVELOPMENT. (a) *General program operations.* Subject to par. (g), the amounts in the schedule for general program operations under subchs. I and III to VI of ch. 560.

(b) *Economic development promotion, plans and studies.* The amounts in the schedule for economic development promotion under ch. 560 and for economic development plans and studies under ss. 560.01, 560.03, 560.07, 560.08, 560.09 and 560.905.

(bm) *Aid to Forward Wisconsin, Inc.* The amounts in the schedule for aids to Forward Wisconsin, Inc., to be used for advertising, marketing and promotional activities within the United States for economic development of this state and for salary, travel and other expenses directly incurred by Forward Wisconsin, Inc. in its economic development promotion activities, subject to s. 16.501.

(br) *Brownfields grant program; general purpose revenue.* The amounts in the schedule for grants under s. 560.13.

(c) *Wisconsin development fund; grants, loans, reimbursements, and assistance.* Biennially, the amounts in the schedule for grants under ss. 560.145, 560.16, 560.175, and 560.26; for grant and loans under ss. 560.275 (2), 560.62, 560.63, and 560.66; for loans under s. 560.147; for reimbursements under s. 560.167; for providing assistance under s. 560.06; for the costs specified in s. 560.607; for the loan under 1999 Wisconsin Act 9, section 911 (4); for the grants under 1995 Wisconsin Act 27, section 911 (7g), 1995 Wisconsin Act 119, section 2 (1), 1997 Wisconsin Act 27, section 9110 (6g), 1999 Wisconsin Act 9, section 9110 (5), and 2003 Wisconsin Act 33, section 9109 (1d) and (2q); and for providing up to \$100,000 annually for the continued development of a manufacturing and advanced technology training center in Racine. Of the amounts in the schedule, \$50,000 shall be allocated in each of fiscal years 1997-98 and 1998-99 for providing the assistance under s. 560.06 (1). Notwithstanding s. 560.607, of the amounts in the schedule, \$125,000 shall be allocated in each of 4 consecutive fiscal years, beginning with fiscal year 1998-99 for grants and loans under s. 560.62 (1) (a).

(cf) *Community-based, nonprofit organization grant for educational project.* The amounts in the schedule for the grant under 1993 Wisconsin Act 16, section 9115 (1h). No moneys may be encumbered under this paragraph after June 30, 1995.

(d) *High-technology business development corporation.* The amounts in the schedule for the grants specified in s. 560.27 (1) (b) and (3).

(dr) *Main street program.* The amounts in the schedule to operate the state main street program under s. 560.081.





Milwaukee Notes

DOJ DECISION ON GATEWAY TECH COMING

The state Department of Justice will present its findings late next week in the matter involving the Gateway Technical College and financial problems surrounding two non-profit businesses it created to promote technology training, sources close to the controversy tell WisPolitics.

The state DOJ has been investigating charges against GTC since late last fall; this includes an audit. The source expects the state to find that GTC violated the state's open meetings law and that GTC acted secretly in some of its dealings with BioCATT, Inc., in Kenosha, and CATI, Inc., in Racine. BioCATT Inc. and CATI Inc. are located in applied technology centers that are owned by Gateway in the two cities.

Among the expenditures being investigated are \$100,310 to build CATI incubators that did not meet the statutory and technical college system requirements and \$75,000 spent by GTC for installing a fiber optic line to be used by the college, without meeting criteria to do so outside the usual bidding process.

GTC is also accused of spending \$194,000, without meeting criteria for avoiding the bidding process, for broadband equipment to be used jointly by the college and BIOCATT.

The total cost of expenditures not in compliance with state law is allegedly \$370,300. The state is also conducting an audit of the expenditures by the non-profits. It is unclear whether the state will recommend that GTC be punished by a reduction in state aids of nearly \$50,000, as some legislators have favored.

GTC has already made some moves to improve its record keeping and financial reporting, as was recommended last year by the Wisconsin Technical College System Board in a 33-page report.

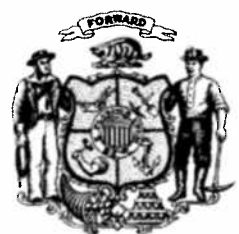
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WISCONSIN STATE LEGISLATURE





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PEG LAUTENSCHLAGER
ATTORNEY GENERAL

NEWS RELEASE

For Immediate Release
August 16, 2006

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ATTORNEY GENERAL PEG LAUTENSCHLAGER FILES COMPLAINT IN BIOCATT MATTER, ALLEGING VIOLATION OF OPEN MEETINGS LAW AND SEEKING PENALTIES

KENOSHA - Attorney General Peg Lautenschlager announced today that the Department of Justice (DOJ) has filed a complaint in Kenosha County Circuit Court against BioCATT, Inc., its executive director Thomas Pleuger and its chairperson, Mark R. Naidicz. The complaint alleges that BioCATT (The Center for Bioscience and the Integration of Computer and Telecommunications Technology) has refused to comply with Wisconsin's open meetings law and asks the court to order BioCATT to comply and to impose forfeitures for past violations.

The complaint further alleges that BioCatt is a nonprofit corporation whose stated purpose is to promote economic development in southeastern Wisconsin and northeastern Illinois. BioCATT was incorporated by the former president of Gateway Technical College and other members of Gateway's Board of Directors.

"BioCATT is not a private corporation, it is essentially a part of Gateway Technical College and should comply with Wisconsin's laws on open meetings," Lautenschlager said. "Its offices are located on the Gateway Campus and it doesn't pay rent for that public owned space. Gateway pays BioCATT \$91,200 a year in taxpayer money to be Gateway's agent in the business operation of the BioCATT Center, a computer science and telecommunication facility on the Gateway Campus. Gateway also furnishes all of the maintenance of the buildings and grounds, pays the utilities and all the service costs on the equipment."

A 2006 Legislative Audit Bureau (LAB) report concluded that the management fee paid by Gateway accounted for 41.5 percent of BioCATT's revenues for 2004 and 2005. BioCATT also receives income from Kenosha County and other governmental entities. The audit concluded that almost 80 percent of BioCATT's income during those years came from public sources.

“BioCATT is using taxpayer dollars to perform services on behalf of a taxpayer supported entity,” Lautenschlager said. “There is no reason its operations shouldn’t be conducted in the open, so taxpayers can see what’s being done with our tax money.”

Lautenschlager noted that the open meetings law would allow BioCATT to close its meetings if there were legitimate reasons for doing so. “Letting the public see how this entity operates will not hurt BioCATT’s operation, it will simply let the public know what we are all entitled to know -- how public money is being spent,” Lautenschlager said.

The complaint alleges four meetings held in violation of the open meetings law. Under sec. 19.96, the penalty would be a forfeiture of no less than \$25 and no more than \$500 for each violation for the two named individuals. The state can also recover its reasonable costs.

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