

# WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

## GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY19 Adjusted Base	FY20 Recommended	% Change Over FY19	FY21 Recommended	% Change Over FY20
GPR	15,350,700	12,627,300	-17.7	12,693,600	0.5
SEG-O	26,200,000	28,923,400	10.4	28,857,100	-0.2
TOTAL	41,550,700	41,550,700	0.0	41,550,700	0.0

## FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY19 Adjusted Base	FY20 Recommended	FTE Change Over FY19	FY21 Recommended	FTE Change Over FY20
TOTAL	0.00	0.00	0.00	0.00	0.00

## AGENCY DESCRIPTION

The corporation was created by 2011 Wisconsin Act 7. The corporation is headed by a secretary/chief executive officer who is appointed by the Governor with the advice and consent of the Senate. The corporation is governed by a 16-member board of directors. The Governor appoints six members with the advice and consent of the Senate. The speaker of the Assembly and the Senate majority leader each appoint five members consisting of four majority party representatives and one minority party representative in their respective houses. The secretaries of the Department of Administration and Department of Revenue also serve on the board as nonvoting members.

The corporation is the lead economic development organization in the state. The corporation is responsible for developing and implementing economic programs to provide business support, expertise and financial assistance to companies that are investing and creating jobs in the state; supporting new business start-ups and business expansion and growth; and developing and implementing any other programs related to economic development in Wisconsin.

## MISSION

The corporation's mission is to advance and maximize opportunities in Wisconsin for businesses, communities and people to thrive in a globally competitive environment. The corporation partners with more than 600 organizations across the state, including regional economic development organizations, academic institutions and industry leaders.

**PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES**

**Program 1: Promotion of Economic Development**

Goal: Provide business assistance services to drive start-up, expansion or relocation to Wisconsin.

Objective/Activity: Deliver technical and financial business assistance services directly to Wisconsin businesses with in-house staff or through contracted partners.

Objective/Activity: Provide technical and financial services to help communities drive economic development by assisting communities with downtown development, public infrastructure projects and other assistance to help advance Wisconsin communities.

Objective/Activity: Provide technical support or financial investment for projects that advance target sectors or improve the state's economic development capabilities.

**PERFORMANCE MEASURES**

**2017 AND 2018 GOALS AND ACTUALS**

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2017</b>	<b>Actual 2017</b>	<b>Goal 2018</b>	<b>Actual 2018</b>
1.	Businesses assisted.	2,710	4,256	2,710	4,072
1.	Communities assisted.	206	129	206	134
1.	Partner organizations assisted.	67	71	67	71
1.	Anticipated jobs impact.	14,973	22,077	14,973	30,827 <sup>1</sup>
1.	Coinvestment leverage.	8:1	9:1	8:1	4:1 <sup>1</sup>

Note: Based on fiscal year.

<sup>1</sup>The Electronics Information and Technology Manufacturing Zone program, 2017 Wisconsin Act 58, was enacted after the corporation's board of directors approved the board's fiscal year 2018 Budget and Operations Plan, which included the corporation's goal of an 8:1 leverage ratio and an anticipated impact of 13,423 jobs created or retained. The EITMZ program impacted both of these key performance indicators for fiscal year 2018. Excluding the EITMZ program, the corporation achieved an 8:1 leverage ratio and impacted 17,827 jobs.

**2019, 2020 AND 2021 GOALS**

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2019<sup>1</sup></b>	<b>Goal 2020</b>	<b>Goal 2021</b>
1.	Businesses assisted.	4,576	4,576	4,576
1.	Communities assisted.	167	167	167
1.	Partner organizations assisted.	63	63	63
1.	Anticipated jobs impact.	15,105	15,105	15,105
1.	Coinvestment leverage.	8:1	8:1	8:1

Note: Based on fiscal year.

<sup>1</sup>Goals were revised for fiscal year 2019.

# WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

## GOVERNOR'S BUDGET RECOMMENDATIONS

### RECOMMENDATIONS

1. Accountability and Transparency Provisions
2. Outsourcing and Job Loss Prevention
3. Requirements for Grants, Loans or Tax Credits
4. Job Reporting Requirements
5. Credit Repayment Transmissions
6. Streamline Reporting Requirements
7. Business Development Credit Renewable Energy and Energy Efficiency Incentives
8. Data Sharing with the Department of Revenue
9. Appointment and Supervision of Economic Development Liaison
10. Enterprise Zone Jobs Credit Program
11. Board Membership
12. Grants to Regional Economic Development Organizations
13. Technical Modification to Appropriation Language
14. Historic Rehabilitation Credit Technical Modifications
15. Sum Sufficient Reestimate

### ITEMS NOT APPROVED

16. Talent Attraction and Retention Initiatives

**Wisconsin Economic Development Corporation**

**Table 1  
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY20	FY21	FY20	FY21
GENERAL PURPOSE REVENUE	\$6,800.0	\$15,350.7	\$20,350.7	\$20,350.7	\$12,627.3	\$12,693.6
State Operations	6,800.0	15,350.7	20,350.7	20,350.7	12,627.3	12,693.6
SEGREGATED REVENUE (3)	\$51,881.6	\$26,200.0	\$26,200.0	\$26,200.0	\$28,923.4	\$28,857.1
State Operations	50,881.6	25,200.0	25,200.0	25,200.0	27,923.4	27,857.1
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTALS - ANNUAL	\$58,681.6	\$41,550.7	\$46,550.7	\$46,550.7	\$41,550.7	\$41,550.7
State Operations	57,681.6	40,550.7	45,550.7	45,550.7	40,550.7	40,550.7
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 3  
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY20	FY21	FY20	FY21
1. Promotion of economic development	\$58,681.6	\$41,550.7	\$46,550.7	\$46,550.7	\$41,550.7	\$41,550.7
TOTALS	\$58,681.6	\$41,550.7	\$46,550.7	\$46,550.7	\$41,550.7	\$41,550.7

## **Wisconsin Economic Development Corporation**

### **1. Accountability and Transparency Provisions**

The Governor recommends requiring the corporation to post a searchable database of all final contracts and amendments to contracts on its Web site within 30 days of the finalization of such contracts or the amendment to such contracts. The Governor also recommends requiring the corporation to include terms in each of its tax credit contracts over \$5 million in total value specifying that the recipient must provide a full update of its project plans for employment and investment if there are any material changes to the activities negotiated in its contract. The Governor further recommends that the corporation be required to notify the Joint Committee on Finance when there are such changes in contracted plans or due to amendments to contracts entered into by both the corporation and the tax credit recipient.

### **2. Outsourcing and Job Loss Prevention**

The Governor recommends requiring that no loan, grant or tax credit awarded by the corporation may be used to relocate jobs outside Wisconsin or reduce net employment by a recipient in Wisconsin. The Governor also recommends requiring any recipient to provide appropriate notification to the corporation when such job relocation or job reduction measures are taken.

### **3. Requirements for Grants, Loans or Tax Credits**

The Governor recommends requiring that the corporation verify full-time employment of award recipients through payroll and other records before entering into grant, loan or tax credit contracts in order to appropriately establish base level employment. The Governor also recommends requiring the corporation's underwriting staff review applications for grant, loan or tax credit awards to ensure that they comply with all statutory requirements and all existing corporation policies and procedures. The Governor further recommends requiring that the corporation include requirements for each award recipient to submit official payroll records or other records the corporation deems sufficient for accounting for jobs created or retained.

### **4. Job Reporting Requirements**

The Governor recommends adopting recommendations from the Legislative Audit Bureau's 2017 audit report regarding improving program evaluation by requiring that the corporation report only the creation and retention of those jobs that meet the salary, benefit and other requirements of the programs for which they are being reported.

### **5. Credit Repayment Transmissions**

The Governor recommends adopting recommendations from the Legislative Audit Bureau's 2017 audit report requiring the corporation to transmit within one week any repaid tax credits to the Department of Administration for deposit in the general fund.

## **Wisconsin Economic Development Corporation**

### **6. Streamline Reporting Requirements**

The Governor recommends aligning the corporation's economic development planning report with the corporation's fiscal year instead of its current calendar year basis. The Governor also recommends removing obsolete reporting requirements for a repealed tax credit program. The Governor further recommends clarifying the exchange of information between the corporation and the Department of Revenue related to revoked tax credits.

### **7. Business Development Credit Renewable Energy and Energy Efficiency Incentives**

The Governor recommends modifying the business development tax credit to provide an additional 5 percent incentive for capital investments related to renewable energy generation or energy efficiency projects.

### **8. Data Sharing with the Department of Revenue**

The Governor recommends enabling greater data sharing between the corporation and the Department of Revenue in order to enhance verification efforts and improve economic development program integrity.

### **9. Appointment and Supervision of Economic Development Liaison**

The Governor recommends returning the appointment and oversight responsibilities related to the economic development liaison position created under 2017 Wisconsin Act 58 to the Department of Administration. This action reverses a component of 2017 Wisconsin Act 369.

### **10. Enterprise Zone Jobs Credit Program**

The Governor recommends creating a 35-zone limit on the enterprise zone jobs credit program and specifying that any zones that have their certification revoked or that expire may be reutilized by the corporation. The Governor also recommends repealing provisions allowing the corporation to designate any number of enterprise zones subject to the Joint Committee on Finance's passive review process. These actions reverse changes made in 2017 Wisconsin Act 369.

### **11. Board Membership**

The Governor recommends reversing the changes to the composition of the corporation's board of directors included in 2017 Wisconsin Act 369. This would return the composition of the board to its prior law status with six members of the board appointed by the Governor and three members appointed each by the Assembly Speaker and Senate Majority Leader, with the legislative membership consisting of one majority and one minority party member from each house of the Legislature and one member employed in the private sector appointed by each legislative leader. This change will restore the previous balance between the executive and legislative branches in the determination of the board's membership.

**Wisconsin Economic Development Corporation**

**12. Grants to Regional Economic Development Organizations**

The Governor recommends directing the corporation to grant at least \$1.0 million annually to regional economic development organizations to promote widespread economic opportunity around Wisconsin.

**13. Technical Modification to Appropriation Language**

The Governor recommends technical modifications to the GPR appropriation language for the Wisconsin Economic Development Corporation to specify that the appropriations structure in place in fiscal year 2018-19 will continue for all future fiscal years.

**14. Historic Rehabilitation Credit Technical Modifications**

The Governor recommends specifying that the \$3.5 million limit for awards under the historic rehabilitation credit program be applied on a per project basis as opposed to a per parcel basis. The Governor also recommends repealing the state's supplement to the former federal credit for nonhistoric qualified rehabilitated buildings as a result of the credit's repeal at the federal level.

**15. Sum Sufficient Reestimate**

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-2,723,400	0.00	-2,657,100	0.00
SEG-O	0	0.00	0	0.00	2,723,400	0.00	2,657,100	0.00
TOTAL	0	0.00	0	0.00	0	0.00	0	0.00

The Governor recommends reestimating both the operations and programs appropriation and the economic development fund; operations and programs appropriation to reflect anticipated revenues under the economic development surcharge.

**Wisconsin Economic Development Corporation**

**ITEMS NOT APPROVED**

The following requests are not included in the Governor's budget recommendations for the Wisconsin Economic Development Corporation.

Decision Item	Source of Funds	FY20 Dollars	FY20 Positions	FY21 Dollars	FY21 Positions
16. Talent Attraction and Retention Initiatives	GPR	5,000,000	0.00	5,000,000	0.00
TOTAL OF ITEMS NOT APPROVED	GPR	5,000,000	0.00	5,000,000	0.00

