

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY23 Adjusted Base	FY24 Recommended	% Change Over FY23	FY25 Recommended	% Change Over FY24
GPR	4,550,700	157,050,700	3,351.1	42,050,700	-73.2
SEG-O	37,000,000	39,500,000	6.8	39,500,000	0.0
TOTAL	41,550,700	196,550,700	373.0	81,550,700	-58.5

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY23 Adjusted Base	FY24 Recommended	FTE Change Over FY23	FY25 Recommended	FTE Change Over FY24
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 four members, but neither may appoint more than two members of the Legislature, to the board. The minority leader of the Senate and Assembly each get to appoint one member. 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 programs to provide business and community support, expertise and financial assistance; 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 strategically deploy financial resources and technical assistance to invest in Wisconsin to enhance its assets and opportunities, and to address underinvestment and distress. The corporation works to support businesses, strengthen communities, leverage the economic development partner network, boost the entrepreneurial ecosystem, and collaborate with state agencies on issues and initiatives vital to achieving economic well-being for all Wisconsin citizens.

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

2021 AND 2022 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2021	Actual 2021	Goal 2022	Actual 2022
1.	Businesses assisted.	36,246 ¹	27,034 ¹	6,246 ¹	6,050 ¹
1.	Communities assisted.	102	158	102	163
1.	Partner organizations assisted.	98	75	98	77
1.	Anticipated jobs impact.	13,770	12,205	13,770	11,573
1.	Coinvestment leverage.	8:1	7:1	8:1	8:1

Note: Based on fiscal year.

¹Includes a one-time impact of businesses assisted through COVID-19 programs.

2023, 2024 AND 2025 GOALS

Prog. No.	Performance Measure	Goal 2023¹	Goal 2024	Goal 2025
1.	Businesses assisted.	3,870	3,741	3,741
1.	Communities assisted.	200	213	213
1.	Partner organizations assisted.	90	90	90
1.	Anticipated jobs impact.	7,325	7,325	7,325
1.	Coinvestment leverage.	8:1	8:1	8:1

Note: Based on fiscal year.

¹Goals were revised for 2023.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Block Grant Increase
2. Main Street Bounceback Grants
3. Venture Capital Program
4. Temporary Additional Economic Development Support
5. Talent Attraction and Retention Funding
6. Renewable Energy Incentive for Business Development Credit
7. Cooperative Development Funding
8. Data Sharing with the Department of Revenue
9. Enterprise Zone Jobs Credit and Business Development Credit Wage Minimums
10. Enterprise Zone Jobs Credit Limit
11. Business Development Tax Credit Technical Modifications
12. Fund Balance Policy
13. Simplify Full-Time Jobs Definition
14. Economic Development Surcharge Reestimate

Wisconsin Economic Development Corporation

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

	ACTUAL FY22	ADJUSTED BASE FY23	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY24	FY25	FY24	FY25
GENERAL PURPOSE REVENUE	\$2,332.7	\$4,550.7	\$4,550.7	\$4,550.7	\$157,050.7	\$42,050.7
State Operations	2,332.7	4,550.7	4,550.7	4,550.7	157,050.7	42,050.7
SEGREGATED REVENUE (3)	\$39,218.0	\$37,000.0	\$37,000.0	\$37,000.0	\$39,500.0	\$39,500.0
State Operations	38,218.0	36,000.0	36,000.0	36,000.0	38,500.0	38,500.0
Local Assistance	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
TOTALS - ANNUAL	\$41,550.7	\$41,550.7	\$41,550.7	\$41,550.7	\$196,550.7	\$81,550.7
State Operations	40,550.7	40,550.7	40,550.7	40,550.7	195,550.7	80,550.7
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 FY22	ADJUSTED BASE FY23	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY24	FY25	FY24	FY25
1. Promotion of economic development	\$41,550.7	\$41,550.7	\$41,550.7	\$41,550.7	\$196,550.7	\$81,550.7
TOTALS	\$41,550.7	\$41,550.7	\$41,550.7	\$41,550.7	\$196,550.7	\$81,550.7

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1. Block Grant Increase

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	10,000,000	0.00	10,000,000	0.00
TOTAL	0	0.00	0	0.00	10,000,000	0.00	10,000,000	0.00

The Governor recommends increasing the corporation's total baseline block grant funding from \$41,550,700 to \$51,550,700 annually beginning in FY24 to account for increased cost pressures facing the corporation.

2. Main Street Bounceback Grants

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	25,000,000	0.00	25,000,000	0.00
TOTAL	0	0.00	0	0.00	25,000,000	0.00	25,000,000	0.00

The Governor recommends creating an annual appropriation to provide grants to aid businesses in newly occupying or expanding into vacant commercial spaces. Eligible expenses under the program include leases, mortgages and business operational expenses related to opening a new location.

3. Venture Capital Program

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	75,000,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	75,000,000	0.00	0	0.00

The Governor recommends creating a venture capital program located at the corporation with \$75 million in one-time GPR funding in a continuing appropriation in FY24. The program will be required to be a fund of funds investment program. The program will specify that no investment made by the fund of funds in a recipient venture capital fund may exceed \$18.75 million. Venture capital funds receiving investment from the fund of funds program must commit to invest that amount in Wisconsin, and these investments must attain at least a one-to-one match with private sources, such that the program as a whole attains a required match rate of two private dollars for every state dollar invested. Investments made by the fund of funds program will be reinvested in perpetuity and no repayment to the state is required. The program will require that at least 20 percent of the total funds under management be invested in minority-owned or women-owned firms or in businesses that are located in underserved areas. The Governor also recommends requiring the corporation to establish an oversight board with various enumerated responsibilities related to the establishment and management of the program.

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4. Temporary Additional Economic Development Support

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	40,000,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	40,000,000	0.00	0	0.00

The Governor recommends providing \$40 million GPR in FY24 to the corporation's block grant on a one-time basis to further support economic development efforts in the state.

5. Talent Attraction and Retention Funding

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	5,000,000	0.00	5,000,000	0.00
TOTAL	0	0.00	0	0.00	5,000,000	0.00	5,000,000	0.00

The Governor recommends providing funding to support the corporation's talent attraction and retention efforts.

6. Renewable Energy Incentive for Business Development Credit

The Governor recommends creating a new earnings activity for the Business Development Credit for energy efficiency and renewable energy project expenditures by a business, specifying that the corporation may provide an incentive of up to 25 percent of expenditures on real or personal property for such projects.

7. Cooperative Development Funding

The Governor recommends requiring the corporation to provide at least \$500,000 during the biennium to cooperative development activities, including feasibility studies and other technical assistance and implementation efforts.

8. Data Sharing with the Department of Revenue

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

9. Enterprise Zone Jobs Credit and Business Development Credit Wage Minimums

The Governor recommends increasing the wage thresholds for the enterprise zone jobs tax credit and the business development tax credit to increase the \$30,000 minimum for tier two counties under the enterprise zone jobs tax credit to \$42,390 and to increase the 150 percent of the federal minimum wage threshold for tier one counties under the enterprise zone jobs tax credit and for all business development tax credit awards to \$32,000 beginning with awards made in 2024. The Governor also recommends providing indexing adjustments for those thresholds in future years.

10. Enterprise Zone Jobs Credit Limit

The Governor recommends creating a 30-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.

11. Business Development Tax Credit Technical Modifications

The Governor recommends making technical modifications to the business development tax credit to align the definition of eligible training costs with the definition used for the enterprise zone jobs tax credit and to clarify the eligibility of employees under the headquarters retention earnings category.

12. Fund Balance Policy

The Governor recommends repealing the current law provision requiring that the corporation's unassigned fund balance be no greater than two months of annual operating expenses while retaining the current law provision requiring the corporation to adhere to the Government Finance Officers Association's best practices on fund balance policies.

13. Simplify Full-Time Jobs Definition

The Governor recommends eliminating the current law requirements that qualifying employees for tax credit awards to businesses must meet the 2,080 hours definition of a full-time job while retaining the definition that an employee working less than that hour threshold may still qualify as a full-time employee if the job pays at least 150 percent of the federal minimum wage and the employee is offered other benefits. Current law creates confusion by having both definitions for eligibility, and this modification simplifies administration by moving to one definition.

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14. Economic Development Surcharge Reestimate

Source of Funds	Agency Request				Governor's Recommendations			
	FY24		FY25		FY24		FY25	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-2,500,000	0.00	-2,500,000	0.00
SEG-O	0	0.00	0	0.00	2,500,000	0.00	2,500,000	0.00
TOTAL	0	0.00	0	0.00	0	0.00	0	0.00

The Governor recommends reestimating the economic development surcharge and GPR support for the corporation to better reflect collection patterns.