

**STATE OF WISCONSIN ECONOMIC DEVELOPMENT  
CORPORATION**

**BUDGET AND POLICY ANALYSIS & RECOMMENDATIONS**

JANUARY 2023



**INSTITUTE FOR  
REFORMING GOVERNMENT**

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## FROM THE DESK OF CJ SZAFIR

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Freedom and Opportunity. Those are ideals that bind us together as a state. Unfortunately, the size and scope of state government too often gets in the way of individuals and families being able to achieve their full potential as they build their share of the American Dream.

We can do better, and we must do better. We all should ask,– “Is the mission of state government, — of each and every agency, bureau, and division —, aligned with the vision that everyday Wisconsinites have for Wisconsin? Is state government set up to help citizens succeed, or is it a roadblock to success? We need a conservative vision for state government, indeed for each and every agency.

Last spring, with support from our donors and Board of Directors, the Institute for Reforming Government started an ambitious project to help answer those questions about the biggest state agencies to help answer those questions because we believe the best way to enhance liberty is to improve transparency. This project was the work of eight experts in Wisconsin state government, including three senior-level cabinet officials, a budget director, and subject matter experts. In addition, our team had regular meetings with former top officials in state government as well as business leaders and other experts outside of government. We looked at past revenue and spending trends. The findings are not surprising.

State agencies are massive. They spend record amounts of taxpayer dollars year over year. They too often get in the way of individual success and are set up as enforcement agents instead of partners in creating a better Wisconsin. They need reform. We need leaders to bring forward conservative visions to the agencies.

In these briefings, we shine light onto state agencies to help all citizens diagnose what is broken. Later, based on these and discussions with people all over Wisconsin, we'll offer government reform ideas and detailed budget analysis to help chart a new course for Wisconsin, - one where each and every individual in our state has the freedom and opportunity to succeed.

Sincerely,

**CJ Szafir**

*President*

Institute for Reforming Government

# SUMMARY

## “Light and liberty go together”

Thomas Jefferson, In a letter to Tench Coxe, 1795

This document prepared by the Institute for Reforming Government (IRG) is intended to inform policy makers and the public of the full scope of the Wisconsin Economic Development Corporation (WEDC). Our partners at the IRG Action Fund will release conservative, free market, and liberty minded policy reforms specifically for WEDC in a separate document.

For the general public, the executive branch of Wisconsin state government can be a mystery. There are countless agencies with billions of tax dollars flowing through them. Although some may have an understanding of an agency because of their daily work or real-world experience, few people in Wisconsin have a handle on the entirety of the executive branch. Each agency has its own mission, functions, and programs. Some agencies generate their own revenue, some rely on state tax dollars, and many of them take some sort of federal funding. Each agency has unique powers and authorities. The goal of this briefing document is to pull back the veil and show Wisconsinites how their government taxes, spends, and regulates.

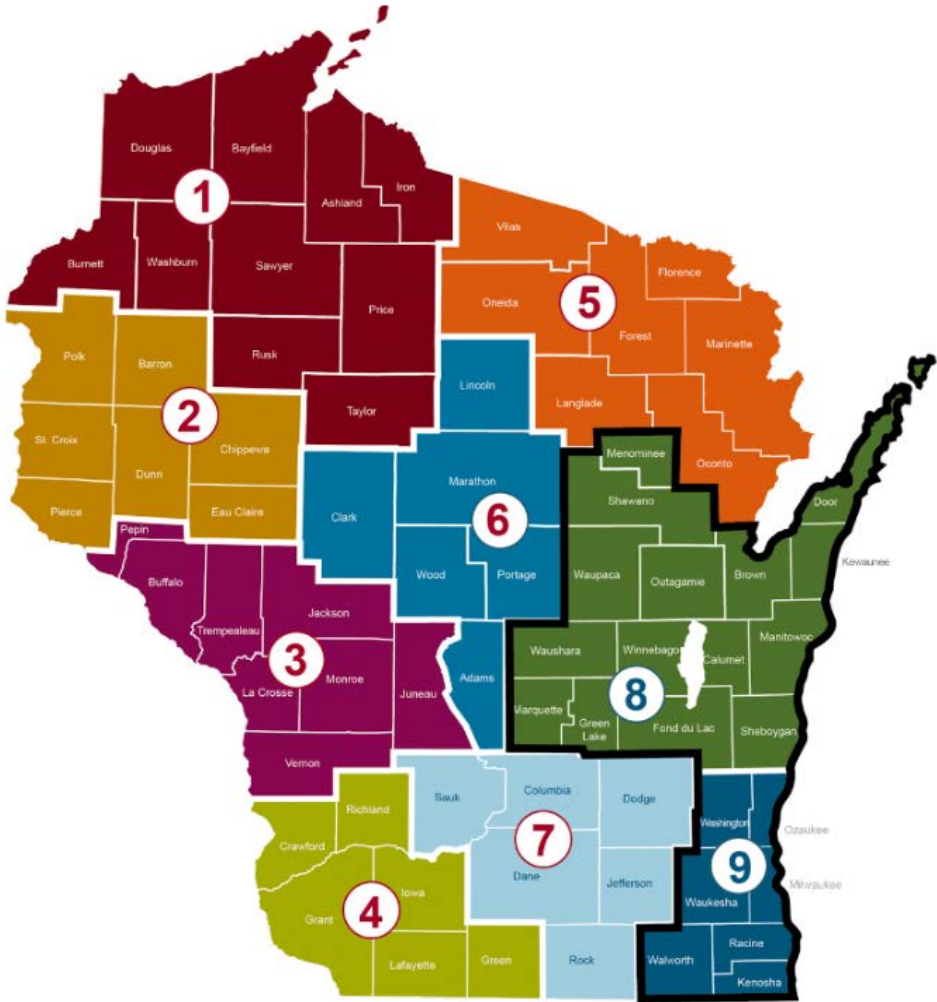
Over the course of months, a team of policy experts at IRG pored over all of the information on Wisconsin's biggest agencies. In this briefing document, you will see agency functions, budget trends, a list of past appointees, and policy concerns. These items create a basis for understanding the scope and history of each agency in an effort to inform policy makers in Madison as they carry out their work in the coming legislative session.

The Wisconsin Economic Development Corporation was created shortly after Governor Walker took office in 2011. As a replacement for the Department of Commerce, the new public-private corporation was tasked with being the lead economic development agency in state government. Although the agency received a fair amount of criticism in its first few years, the corporation was a smooth running organization by the time Governor Walker left office in 2018. Since then, the agency was used heavily in the distribution of Covid relief funds in the early days of the pandemic and as a result, its practical value to the state has been narrowed to smaller economic development projects. Economic development should encompass all of the state's economy, but WEDC has failed to notch any big wins in the last few years.





The Wisconsin Economic Development Corporation is currently located in the Tommy G. Thompson Building in downtown Madison. However, the corporation will be moving to a shared site with the Urban League of Greater Madison. The agency has 10 regions that are covered by Regional Economic Development Directors.



# BACKGROUND

The Wisconsin Economic Development Corporation (WEDC) was created as a public-private entity by 2011 Wisconsin Act 7 to replace the Department of Commerce (the Department of Commerce was officially replaced under 2011 Wisconsin Act 32). Most of Commerce's duties were transferred to WEDC including responsibility for creating and administering economic development programs, providing technical assistance, and administering existing programs and tax credits.

The WEDC Board of Directors provides oversight, guidance, and serves as the governance board for the corporation. This 18 member board is composed of six gubernatorial appointees, ten legislative appointees, and two non-voting members; the Secretaries of the Department of Revenue and the Department of Administration. The Board elects a chairperson from among its non-legislative members. The Board is charged with developing economic programs and supporting new business start-ups, expansion, and growth in the state.

The head of WEDC is the Chief Executive Officer. The CEO is appointed by the Governor with the advice and consent of the Senate and serves at the pleasure of the Governor. The Board has the authority to delegate to the CEO any responsibilities it deems proper and sets their compensation.

WEDC receives the bulk of its funding from the state and in recent years has drawn on federal COVID-19 funding. The corporation administers a number of grant programs that provide assistance to businesses looking to relocate, existing businesses looking to expand, start-ups, and regional economic development organizations. WEDC also has a loan portfolio; however, in recent years the outstanding balance has been reduced and tighter lending guidelines are followed per 2017 Wisconsin Act 59. In recent years, WEDC has shifted its focus from courting large companies and spurring job creation to more smaller localized development projects.



# AGENCY DESCRIPTION, MISSION, & FUNCTION

*Information in this section was pulled directly from public sources on the Department of Administration and Wisconsin Economic Development Corporation websites.*

## Agency Descriptions

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 appoints four members but neither may appoint more than two members of the legislature to the board. The minority leaders of the Assembly and Senate each appoint one member. The secretaries of the Department of Administration and Department of Revenue also serve on the board as non-voting 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, support new business start-ups and business expansion and growth; and develop and implement any other programming 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." WEDC partners with more than 600 organizations across the state, including regional economic development organizations, academic institutions and industry leaders.

WEDC's services are aligned with five key Catalysts of Economic Growth, which form the basis of our Strategic Pillars, and allows the corporation to most effectively activate and accelerate economic opportunity In Wisconsin®: Strategic Economic Competitiveness; Business Development; Community and Economic Opportunity; Brand Development and Strategy; and Operational and Fiscal Excellence.



## **Function**

The Wisconsin Economic Development Corporation receives direction from the Board of Directors. The Board is charged with the responsibility of creating and implementing economic development programs that provide support, expertise, and financial assistance to businesses that are creating jobs in Wisconsin. They also must support and promote the growth of start-up businesses. To guide its efforts, the board is required to set measurable goals, require reports from beneficiaries of loans and grants, and evaluate the success of its programs.

The corporation offers grants and loans that are targeted at private industry and local economic development organizations. Through the direction of the Board, WEDC disperses these funds through a variety of programs. Below is a non-exhaustive list of the programs offered by WEDC:

- Entrepreneurial Micro-Grants
- Seed Accelerator Grants
- Capital Catalyst Program
- Fabrication Laboratories Grant Program
- Idle Sites Redevelopment
- Workforce Training Grants
- Brownfields Grant Program
- Global Business Development Program

WEDC also offers a number of tax credits that are designed to spur targeted economic growth. Generally, the corporation will enter into a contract with a business to create or retain jobs to become eligible for a tax credit. Here are all of the tax credits available through WEDC for tax year 2021 (LFB Informational Paper #92, 2021):

- Business Development
- Electronics and Information Technology Manufacturing Zone
- Enterprise Zones
- Supplement to the Federal Historic Rehabilitation Credit
- Early Stage Seed Investment
- Angel Investment
- Development Opportunity Zones

Today, the corporation relies on what it calls its five “Catalysts of Growth” to guide the development and implementation economic development programs:

- Strategic Economic Competitiveness
- Community and Economic Support
- Operational and Fiscal Excellence
- Business Development
- Brand Development and Strategy



# AGENCY BUDGET TRENDS

The state budget process begins in September of every even year when each agency sends its budget requests to the Department of Administration. The Governor then has several months to put together the executive budget proposal that is forwarded to the Legislature. The Legislature, through the work of the Joint Finance Committee, then holds hearings and votes on the budget through the spring and summer of the odd year. This culminates with the signing of the budget document that summer. While technically due by July 1 of the budget year, often budget debates will drag into the Summer and sometimes the Fall. However, the government does not shut down in Wisconsin as it does at the federal level when there is a budget impasse - it simply continues on the current spending plan until a new budget is adopted.

The corporation's budget has stayed relatively flat over the last 3 budget cycles. However, during the pandemic, WEDC awarded over \$143 million in covid relief funding. The information below reflects the amount of money that was originally budgeted prior to the pandemic.

## Agency Budget Trend

Fund	2017 ACT 59	2019 ACT 9	2021 ACT 58
GPR	\$18,032,000	\$26,390,900	\$14,901,400
FED			
PR			
SEG	\$58,769,400	\$56,710,500	\$68,200,000
<b>TOTAL</b>	<b>\$76,801,400</b>	<b>\$83,101,400</b>	<b>\$83,101,400</b>

# AGENCY LEADERSHIP

WEDC is different from many of the state's other executive branch agencies in that it is a public private corporation. WEDC is headed by a CEO who is appointed by the Governor with the advice and consent of the Senate. Their salary is determined by the board and they have the authority to hire staff as they see fit for the fulfillment of the corporation's objectives. The CEO fills out his leadership team in a way similar to other agencies. Generally, the CEO appoints a chief operating officer, a public policy director, a chief financial officer, a legislative director, and a chief legal counsel. They also select their vice-presidents, who head up what are equivalent to divisions in other agencies. Descriptions of each appointed position are listed below:

## **Chief Executive Officer (CEO) And Secretary**

Nominated by the Governor, with the advice and consent of the senate, the CEO and Secretary serves at the pleasure of the Governor. The WEDC Board may delegate to the CEO any powers and duties the board considers proper. The CEO's compensation is determined by the WEDC Board.

## **Chief Operations Officer (COO) and Deputy Secretary**

Appointed by the CEO, the Chief Operations Officer functions in the same way as Deputy Secretaries at other agencies. They carry out the mission of the agency including but not limited to, personnel management, day-to-day operations, and external affairs.

## **Chief Legal Counsel**

The Chief Legal Counsel serves at the pleasure of the CEO and provides legal counsel and support involving the agency's legal affairs.

## **Legislative Director**

The Legislative Director is primarily responsible for facilitating and managing relationships with the Legislature and external stakeholders to provide information as needed and requested. The position also helps develop the agency's legislative agenda to align with the CEO's priorities, current industry standards and respond to stakeholder concerns.

## **Communications Director**

The Communications Director supports the CEO in strategic communications and responds to media inquiries. The position may also speak on behalf of the CEO and represent the agency in the media.

## **Vice-Presidents**

Vice-Presidents, appointed by the CEO, are responsible for providing leadership, personnel management and guidance on day-to-day operations for their assigned responsibilities. This position typically reports to the COO, communicating activities and providing advice to ensure their activities are in line with the agency's mission.





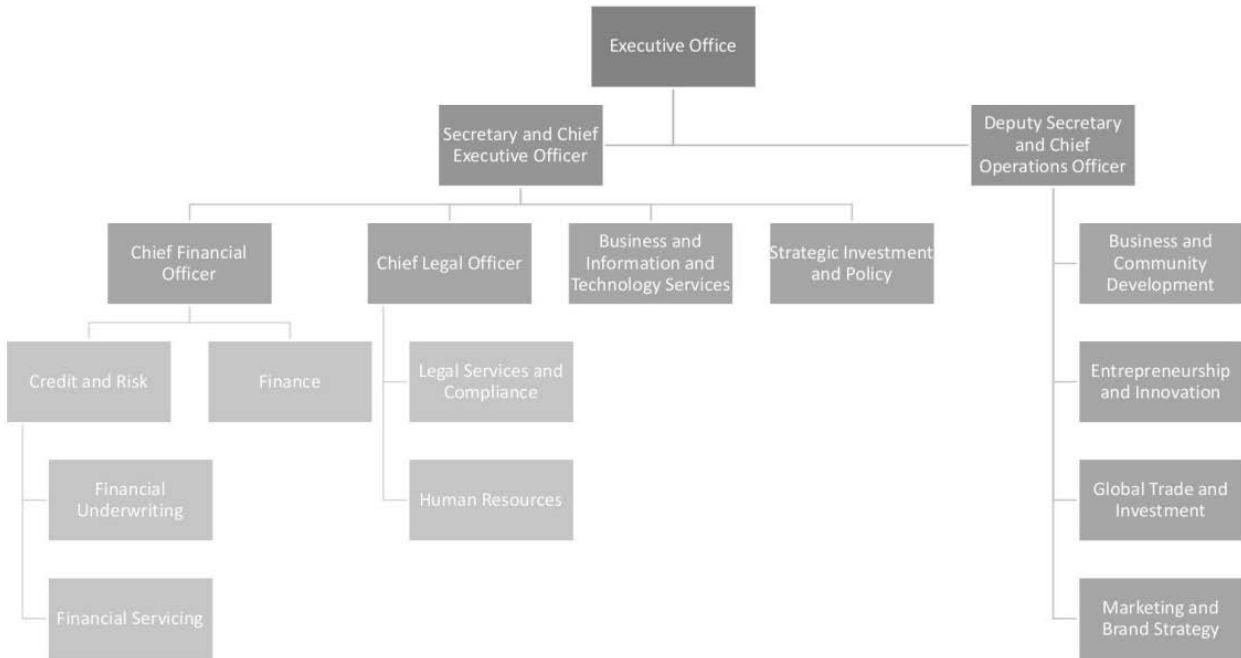
These appointments may change during the 4-year term of a governor. Listed here are the teams serving under Gov. Evers in mid-2022, as well as the team that served at the end of Gov. Walker's final term. Under Melissa Hughes, the organizational structure of the corporation was changed. Vice-President and Director positions are listed as not applicable if their division name only applies to one Governor's administration.

## Agency Leadership

POSITION	EVERS	WALKER
SECRETARY AND CEO	Melissa Hughes	Mark Hogan
DEPUTY SECRETARY AND COO	Sam Ridders	Tricia Braun
SENIOR PUBLIC POLICY DIRECTOR	Amy Young	Amy Young
CHIEF FINANCIAL OFFICER	Khadija Mims	Brian Nowicki
CHIEF LEGAL COUNSEL	Jennifer Campbell	Jennifer Jin
MARKETING AND COMMUNICATIONS DIRECTOR	N/A	Kelly Lietz
LEGISLATIVE DIRECTOR	Justin Phillips	Justin Phillips
BUSINESS AND COMMUNITY DEVELOPMENT	Mike Ward	Barb Lamue
ENTREPRENEURSHIP AND INNOVATION	Aaron Hagar	Aaron Hagar
GLOBAL TRADE AND INVESTMENT	Katy Sinnot	N/A
OFFICE OF RURAL PROSPERITY	Beth Haskovec	N/A
CREDIT AND RISK	Shelly Braun	N/A
MARKETING AND BRAND STRATEGY	Scott Champion	N/A
BUSINESS AND TECHNOLOGY SERVICES	Joshua Robbins	N/A
STRATEGIC INVESTMENT AND POLICY	Amy Young	N/A
TALENT INITIATIVES DIRECTOR	N/A	Rebecca Deschane
INTERNATIONAL BUSINESS DEVELOPMENT	N/A	Katy Sinnot
SECTOR STRATEGY DEVELOPMENT	N/A	Vincent Rice

# ORGANIZATIONAL CHART

## WISCONSIN ECONOMIC DEVELOPMENT CORPORATION FISCAL YEAR 2023 ORGANIZATION CHART



# ATTACHED COUNCILS, TASK FORCES, & COMMITTEES

## WEDC Board of Directors

WEDC is a public corporation and is governed by an 18-member Board of Directors, of which only 16 are voting members. Members of the Board are not compensated, but they are reimbursed for necessary expenses. Here is a breakdown of the Board's composition:

- Six members are appointed by the Governor to four-year staggered terms with advice and consent of the Senate
- Four members are appointed by the Speaker to four-year terms
  - No more than two appointees can be legislators
- Four members are appointed by the Senate Majority Leader to four-year terms
  - No more than two appointees can be legislators
- The Assembly Minority Leader and the Senate Minority Leader each appoint one member to four-year terms
- The Secretaries of Administration and Revenue are non-voting members of the Board





# MAJOR PAST INITIATIVES (2011-Present)

Most major policy initiatives happen during the budget process. The Governor, and sometimes the Legislature, will propose a major reduction or increase in spending for any number of programs. The major initiatives dating from 2011 to the present for the Wisconsin Economic Development Corporation are listed below:

## Major Past Initiatives

INITIATIVE	GOVERNOR	ENACTED	NOTES
Merge WEDC and WHEDA (Forward WI Development Authority)	Walker	No	JFC DELETED PROVISION
Loan Program Reforms (limits and requirements on lending)	Walker	Yes	JFC MODIFIED
2017 Act 369 (WEDC reforms along with other items)	Walker	Yes	
Data sharing of confidential information with DOR	Evers	No	JFC REMOVED
\$200 million for pandemic recovery	Evers	No	JFC REMOVED
\$100 million in new funding for venture capital initiative	Evers	No	JFC REMOVED

# STAKEHOLDERS

Every agency has a number of organizations, professions, and industries that are uniquely interested in the policy or regulatory decisions that could affect their membership or industry. The groups are commonly organized into trade associations and are represented by registered lobbyists that stay in touch with agency leadership. These lobbyists keep their membership informed on current policy debates and use their expertise to educate policy makers on the issues important to their industries. Below is a non exhaustive list of stakeholders that are interested in the Wisconsin Economic

STAKEHOLDER	TYPICAL ISSUES
Wisconsin Manufacturers and Commerce	Wide range of issues that affect Wisconsin businesses
Local chambers of commerce	Represent local business communities across the state
Trade associations representing Wisconsin businesses	Typically National Federation of Independent Businesses - Wisconsin, Wisconsin Independent Businesses, and Independent Business Association of Wisconsin
Represent local business communities across the state	Partner with WEDC regarding economic development
Wisconsin Economic Development Association	Represent the interests of local economic development organizations
Financial institutions	Financial institutions play an active role in economic development
Workforce development boards	Local government boards that work to match labor with the needs of the economy

# PAST EXECUTIVE ORDERS

Formal actions by the Governor are conveyed through executive order. These orders often direct state agencies to carry out the Governor's policy goals within their statutory authority. They can be used to create councils to explore public policy solutions, bring the state into compliance with federal requirements, direct agencies to take certain actions, and carry out powers granted to the Governor under Chapter 14 of the Wisconsin Statutes. Below is a list of executive orders that pertain to the Wisconsin Economic Development Corporation.

## EXECUTIVE ORDERS

GOVERNOR	EO#	DATE	DESCRIPTION	STATUS
Evers	65	1/23/20	BLUE RIBBON COMMISSION ON RURAL PROSPERITY	Inactive
Evers	94	11/10/20	COVID-19 BEST PRACTICE RECOMMENDATIONS	Inactive
Walker	245	5/18/17	GOVERNOR'S STEERING COMMITTEE ON AUTONOMOUS CARS	Inactive
Walker	66	5/2/12	LEAN GOVERNMENT	Inactive
Walker	40	8/23/11	STATE OF EMERGENCY	
Walker	1	1/3/11	SPECIAL SESSION CALLING FOR CREATION OF WEDC	Inactive



# GOVERNMENT REFORM OPPORTUNITIES

Wisconsin government has grown too big and too expensive. This has precipitated issues across the whole of the executive branch that have become a barrier to the success of Wisconsin residents and businesses alike. The Institute for Reforming Government endeavors bring light to these issues with the thinking that this is an opportunity for bold reform. Below you will find a non-exhaustive list of policy concerns that we have highlighted for the Wisconsin Economic Development Corporation.

## **Direction of the Wisconsin Economic Development Corporation**

Since the end of the Walker Administration, WEDC has suffered from an identity crisis. During the pandemic the agency was used to distribute federal Covid relief funds to small businesses. Since then, the agency has continued to focus more on small business than big bold economic development targets. Small businesses need to be part of the economic development strategy for the state; however, the state also needs to have a balanced approach that seeks to attract large industries to the state.

## **“Not in My Back Yard”**

In Wisconsin, businesses must comply with all local, state and federal laws and regulations that intersect with their business operations. These requirements can change based on the city or county where a business is located. Local and state laws can serve the purpose of protecting the common good and carrying out the will of the local electorate; however, in some cases they are unnecessarily burdensome and stifle economic growth. Lawmakers should study what laws are holding back economic growth in Wisconsin and look for ways to improve the economic wellbeing of Wisconsinites everywhere.

### **Worker Recruitment Efforts**

It is well known that Wisconsin is facing a demographic challenge. The population is aging, young people are likely to leave rural areas for urban areas, too often in other states. Without population growth, Wisconsin's future is uncertain. Under Governor Walker, efforts were started at WEDC to recruit workers to Wisconsin. Those efforts included visiting military bases around the world to recruit individuals (and their families) who were about to muster out of service, recruiting UW graduates to come back to Wisconsin, and advertisements in neighboring communities, like Chicago and Minneapolis, telling people of the great opportunities and cost of living available in Wisconsin. These efforts were starting to see progress, but were not continued after agency leadership changed.

### **Worker Relocation Support**

Growing Wisconsin's workforce is vital to our state's economic growth. Encouraging workers to move to Wisconsin is a primary goal of the WEDC. Lawmakers should look at how the state can best connect employers with new workers from out of state and provide access to resources for workers after they move to Wisconsin. This could consist of coordinating current benefits through state agencies like WHEDA for assistance with housing, DVA for veterans, DSPS to quickly resolve licensing issues, and DCF for childcare. Employers and local communities could partner with WEDC to make enrolling children in K-12 schools easier and possibly provide relocation cost assistance.

### **Regulatory Sandbox Reform for Wisconsin**

Many states are creating a regulatory environment that encourages innovation and economic growth through regulatory sandboxes. These sandboxes take new industries or new products from existing industries and limit their exposure to burdensome government regulations by creating a no or low regulatory environment while the new product or industry is launched. Over a set period of time, a review is done to evaluate if there is a need for new regulation to ensure compliance with the public's expectations. Lawmakers should look for ways to incorporate this regulatory model in Wisconsin.





# CONCLUSION

This is nothing new for Wisconsinites- we have a long history as the standard bearer for government reform - we were the first state to implement unemployment insurance, Wisconsin Works (W-2), and we were on the cutting edge of major collective bargaining reform. But today the state we love is beginning to lag behind. Our executive branch has become bloated, slow, and expensive - a burden to the state's economy instead of a catalyst.

The solution to this problem isn't more government, it's *less*. What we need is a conservative vision for the state. This introductory document lays bare the issues and problems that are standing in the way for Wisconsin. In the coming months, IRG will be releasing a series of reforms that will cast a conservative vision for key executive branch agencies in the state.

Now is the time to renew our faith in the people of Wisconsin, not the government.