
WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

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MEMORANDUM

Date: March 21, 2000
To: Members
Senate Economic Development, Housing and Government Operations Committee
From: Rolf Wegenke, Ph.D., President
Wisconsin Association of Independent
Colleges and Universities
Subject: SB 429/AB833 – High Technology Businesses

Wisconsin's economy is in the midst of being transformed into a knowledge-based economy. In large part, this fundamental shift is being driven by the rapid advances in technology. Between 1996 and 2006, it is estimated that more than 1.3 million jobs requiring computer and information technology skills will be created by the U.S. economy.

Before coming to the world of higher education, I coordinated economic development in the administrations of five Wisconsin governors. From my perspective, it is clear that maintaining a competitive economy in the 21st Century, will require innovative thinking and enhancing the ability of businesses, government, and institutions of higher learning to work collaboratively with one another. The creation of a Technology and Entrepreneurs Council is one way in which the state can foster such alliances. By recognizing the important public/private sector partnerships, Wisconsin can aggressively develop and attract new opportunities for its economy.

The recent announcement by Procter and Gamble, Co. to donate 40 patents and accompanying intellectual property to the Milwaukee School of Engineering (MSOE) is an example of how these important partnerships between business and education can work. MSOE was selected from institutions throughout the U.S. by an independent expert to receive the technology for development because of the university's world-class leadership in rapid prototyping technology. While the development of the P&G patents will further enhance the educational experience for students, the company is helping to advance knowledge and put technology to productive use before it becomes obsolete and, **best of all, it is taking place in Wisconsin.**

WAICU supports SB 429 and the amendment offered by Representative Rhoades to the companion legislation (AA1 to AB 833) which would include a private college and technical college representative on the Council. The amendment is supported by the administration, and I urge the Senate to adopt similar language (see attached).

It is said that generals often "fight the last war." The same dangerous potential exists for businesses, governments, and individuals alike. It is so easy to be overwhelmed by what is "in our face" that we devote all of our attention and most of our resources to the immediate problem. SB 429 is about the future. It is about positioning Wisconsin to be competitive in the economy of the 21st Century.

ALVERNO COLLEGE *Milwaukee* BELOIT COLLEGE *Beloit* CARDINAL STRITCH UNIVERSITY *Milwaukee* CARROLL COLLEGE *Waukesha*
CARTHAGE COLLEGE *Kenosha* CONCORDIA UNIVERSITY *Mequon* EDGEWOOD COLLEGE *Madison* LAKELAND
COLLEGE *Sheboygan* LAWRENCE UNIVERSITY *Appleton* MARIAN COLLEGE *Fond du Lac* MARQUETTE UNIVERSITY *Milwaukee*
MILWAUKEE INSTITUTE OF ART & DESIGN *Milwaukee* MILWAUKEE SCHOOL OF ENGINEERING *Milwaukee* MOUNT MARY
COLLEGE *Milwaukee* MOUNT SENARIO COLLEGE *Ladysmith* NORTHLAND COLLEGE *Ashland* RIPON COLLEGE *Ripon* ST. NORBERT
COLLEGE *De Pere* SILVER LAKE COLLEGE *Manitowoc* VITERBO COLLEGE *La Crosse* WISCONSIN LUTHERAN COLLEGE *Milwaukee*

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 4500/1

INTRODUCTION # **AB-833**

Admin. Rule #

Subject
Creation of High-Technology Business Development Corporation

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget
 Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:

- Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

new appropriation created: 20.143 (1)(d)

Assumptions Used in Arriving at Fiscal Estimate:

The bill creates a new GPR-funded annual appropriation of \$250,000 and requires the Department of Commerce to organize and support a non-profit corporation that would promote the creation, development and retention of science-based and technology-based businesses in the state. Any costs that the Department will incur in organizing and supporting the corporation, as well as in contracting for and monitoring the match requirements, will be absorbed with existing staff and budgetary resources.

Long-Range Fiscal Implications:

Prepared By: / Phone # / Agency Name

Department of Commerce
Paul Neumann/267-9382

Authorized Signature / Telephone No.

Louis Cornelius
Louis Cornelius/266-8629

Date

3/6/00

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 4500/1

Admin. Rule #

INTRODUCTION #

Subject

Creation of High-Technology, Non-Profit Corporation

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:

	Annualized Fiscal Impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ see text of fiscal note	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs	see text of fiscal note	-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
State Revenues <small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small>	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS

\$ see text of fiscal note

\$

NET CHANGE IN REVENUES

\$ see text of fiscal note

\$

Prepared By: / Phone # / Agency Name Department of Commerce	Authorized Signature/Telephone No. <i>Louis Cornelius</i> Louis Cornelius/266-8629	Date 3/6/00
Paul Neumann/267-9382		

**Senate Committee on Economic Development,
Housing and Government Operation
Committee Hearing
Room 300, Southeast
March 21, 2000**

Thank you Chairperson Wirsch and members of the Senate Committee on Economic Development, Housing and Government Operation for today's hearing.

Wisconsin's economy is strong and the world economy around us is changing rapidly. Wisconsin's economy is changing, too. As Governor Thompson noted in the 2000 State of the State Address:

Already, the race is on to see which state will create the Silicon Valley of 2000 and put its people out front with exciting and lucrative new career opportunities. As one of the top 10 technology states in America, Wisconsin is uniquely positioned to lead the pack.

He introduced to us many of the faces of Wisconsin's future:

- Lance Fors, CEO of Third Wave Technologies
- Michael Sussman, Founder of Nimblegen
- Bob Bremel, Gala Design
- Mark Clark, Vienna Pharms
- Joel and Jeff Henschel, two Green Bay dairy farmers
- Shirley Lanier, Founder of Legacy Bank in Milwaukee
- David Schwartz, University of Wisconsin Biotechnology Center

The Wisconsin Department of Commerce is assisting the change in many ways. The 1999-2001 budget provided new resources for technology development, such as:

- A science and technology consultant position in Commerce, and
- \$1 million for the Wisconsin Manufacturing Extension Partnership to provide professional assistance to small and medium manufacturers to help them develop and implement strategies to improve their competitiveness.

This past fall, we began operating the Certified Capital Company (CAPCO) program. Commerce has certified three venture capital firms that will manage \$50 million of certified capital investments contributed by insurance companies. The firms will invest in Wisconsin businesses.

Commerce has begun a number of initiatives to increase the amount of venture capital available and to provide valuable assistance to fast, growing companies in the state. Other state agencies, including the Investment Board and the University of

AB-833

Wisconsin System, are assisting in this area, as well as individuals and organizations in each of your communities.

However, we need a coordinated initiative across Wisconsin to generate interest and additional resources, avoid duplication of efforts, and ensure increased visibility. In Governor Thompson's 2000 State of the State Address, he introduced the idea of a Wisconsin Technology and Entrepreneurs Council (WITEC) – the idea incorporated into Assembly Bill 833 and Senate Bill 429.

The Wisconsin Technology and Entrepreneurs Council (WITEC), a private/public partnership, will aggressively attract and develop the companies of the new economy. WITEC will be governed by a board of directors comprised of at least 11 members who represent entrepreneurs, high tech firms, venture capitalists, investment banking, local government, business development, and professionals experienced in providing services to these groups. The secretary of Commerce and the president of the UW System will also serve on the council.

Some of the tasks the Council will focus on immediately are:

- Strengthen and expand the state's venture capital fair;
- Identify and educate angel investors;
- Develop and foster a Wisconsin entrepreneurs network; and
- Facilitate and support a strong relationship between the University System and the private sector.

Representative Rhoades and Senator Clausing's legislation creates a new annual GPR appropriation to provide assistance to the WITEC. From this appropriation, the Department of Commerce will provide in the first year an initial grant of \$50,000 followed by dollar for dollar matching funds up to a maximum of \$200,000. In subsequent years, each dollar donated will be matched by the state, up to a maximum of \$250,000.

Thank you again for the opportunity to discuss the initiative. I look forward to continuing to work with you on this and other economic development projects in the state and in your communities.