

2015 DRAFTING REQUEST

Bill

Received: **10/3/2014** Received By: **mgallagh**
Wanted: **As time permits** Same as LRB:
For: **Administration-Budget 6-1923** By/Representing: **Quinn**
May Contact: Drafter: **mgallagh**
Subject: **Econ. Development - WEDC** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **sbostatlanguage@webapps.wi.gov**
zachary.wyatt@legis.wisconsin.gov
michael.gallagher@legis.wisconsin.gov

Pre Topic:

DOA:.....Quinn, BB0130 -

Topic:

Streamlined Reporting and Governance Reform - WEDC

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	mgallagh 10/6/2014	csicilia 10/8/2014	jfrantze 10/8/2014	_____	sbasford 10/8/2014		

FE Sent For:

<END>

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/P1	mgallagh	P1 gjo 10/8 14	P1 gjo 10/8 14	J 10/8 gm			

FE Sent For:

<END>

MPB

Gallagher, Michael

From: Hanaman, Cathlene
Sent: Friday, October 03, 2014 11:50 AM
To: Gallagher, Michael; Wyatt, Zachary
Subject: FW: Statutory Language Drafting Request - BB0130
Attachments: Streamlined Reporting and Governance Reform.pdf

From: brian.quinn@wisconsin.gov [mailto:brian.quinn@wisconsin.gov]
Sent: Friday, October 03, 2014 11:46 AM
To: Hanaman, Cathlene
Cc: Ziegler, Paul - DOA; Quinn, Brian D - DOA; Connor, Christopher B - DOA
Subject: Statutory Language Drafting Request - BB0130

Biennial Budget: 2015-17

Topic: Streamlined Reporting and Governance Reform - WEDC

Tracking Code: BB0130

SBO Team: TLGED

SBO Analyst: Quinn, Brian D - DOA
Phone: (608) 266-1923
E-mail: brian.quinn@wisconsin.gov

Agency Acronym: WEDC

Agency Number: 192

Priority: Medium

Intent:

Amend WEDC's governing statute to align annual reporting with the fiscal year, allow for the delegation of board authority to committees, and change the hiring of executive level positions at the discretion of the board of directors.

Attachments: True

Please send completed drafts to SBOStatlanguage@webapps.wi.gov

Wisconsin Economic Development Corporation

2015/17 Biennial Budget

5. Streamlined Reporting and Governance Reform

The Wisconsin Economic Development Corporation (WEDC) recommends amending WEDC's governing statute to align our annual report to the Legislature with our fiscal year, allow for the delegation of board authority to committees, and change the hiring of executive level positions at the discretion of the Board of Directors.

Background

Delegation of Authority to WEDC Board Committees

Since its inception, WEDC's Board of Directors has sought to enhance its corporate governance by leveraging WEDC's Board of Directors expertise in the business community. WEDC largely does this through the use of its committee structure, which currently includes committees on Compensation and Benefits, Audit, Awards Administration, Contracts, and Policy. These committees involve countless volunteer hours from business leaders, professors, and retired bankers. Yet under current statute, these volunteer committee members have no voting authority. In order to empower committees to act with the full consent and delegation of the board, committee members need to be able to act in the capacity with which the board has charged them.

Streamlining Reporting Requirements

1. WEDC establishes its Operations Plan and Budget based on a July 1 – June 30 fiscal year calendar, consistent with the timeline by which the Legislature allocates funds. Once the plan is drafted, it is presented to the Board of Directors for review and approval. Current statute requires WEDC to submit an Economic Development Planning Report on January 1st of each year, covering operations for the forthcoming calendar year. This means that every year, the legislature is requiring a report that can only reasonably cover half the year. In order to maximize the value of our reporting to the legislature, it is essential that the requirement change to align with our fiscal year.
2. Wis. Stat. §238.26 requires WEDC to submit, no later than September 30 of even number years, a report to the State of Wisconsin Investment Board (SWIB), a report describing the types of investments in businesses that will have the greatest likelihood of enhancing economic development. This provision dates back to 1985 Act 53, the main purpose of which is to require SWIB to submit its report on its plan for making investments in the state. In doing so, SWIB is to consider the recommendations of WEDC (Department of Development at the time). WEDC actively communicates, on a frequent and consistent basis, with SWIB on investments, allowing both entities to be able to adjust to the dynamic nature of the startup community and respond to economic development opportunities in a far timelier manner. Furthermore, WEDC also provides similar information through its annual Qualified New Business Venture (QNBV) report.

3. Wis. Stat. §238.125 requires WEDC to “monitor compliance with the position-opening notification requirements under ss. 66.1103 (6m) and 106.16.” This provision dates back to 1987 Act 27, and appears to be a carry-over from the Department of Commerce responsibilities to WEDC. This provision creates duplicative oversight, as both §§ 66.1103(6m) and 106.16 require position notifications be submitted to the Department of Workforce Development and the local workforce development board. In addition to being duplicative, complying with this monitoring requirement creates an administrative burden on limited state resources without a meaningful benefit to taxpayers. There is no automated mechanism for companies or agencies to submit these notifications to WEDC, or a means for WEDC to enforce this requirement.

Appointment of WEDC Officers

In WEDC’s July 23rd, 2013 board meeting, the board unanimously passed a resolution to reaffirm the board’s statutory authority to hire and fire WEDC’s COO, CFO, and other executive positions, and extending this authority to include the hiring and firing of the CEO. This also includes determining the qualifications, duties, and compensation of each of these positions. In addition, it affirms that the Governor would treat the CEO as if he or she were the secretary of the department in the executive branch of state government appointed by the Governor. In order to make permanent this change, it is important to codify it in statute so it is part of WEDC’s governing statute.


In the 2013-14 legislative session, SB 385/AB 510 proposed the most of the reforms being suggested in this issue paper. The legislation, co-sponsored by all four of WEDC’s legislative board members, was passed by the Senate, but was not heard in the Assembly before the session ended.

Recommendation

Delegation of Authority to WEDC Board Committee

WEDC recommends allowing the board to delegate any power or duty to a committee created by the board. Wis. Stats. §238.02 (4) (a) should be revised to read:

All powers and duties assigned to the corporation under this chapter shall be exercised or carried out by the board, unless the board delegates the power or duty to an employee of the corporation or a committee established by the board, except that an employee may not exercise any power or duty under par. (b).



Streamlining Reporting Requirements

1. WEDC recommends revising Chapter 238 so that WEDC’s annual report covers fiscal years instead of calendar years and to align the annual report on the current fiscal with WEDC’s report on the previous fiscal year under Wis. Stat. §238.07(2).

To this end, Wis. Stat. §238.07(1) should be amended to read:

Annually, by ~~October 1~~January 1, the board shall submit to the chief clerk of each house of the legislature, for distribution to the legislature under s. 13.172 (2), a report identifying the economic development projects that the board intends to develop and implement during the current fiscal calendar year. ✓

2. WEDC recommends eliminating Wis. Stat. §238.26, "Report to investment board" in its entirety. ✓
3. WEDC recommends eliminating Wis. Stat. §238.125, "Notification of position openings; compliance" in its entirety. ✓

Appointment of WEDC Officers

WEDC recommends revising and renumbering §238.02 as follows:

238.02 Creation and organization of corporation.

(1) There is created an authority, which is a public body corporate and politic, to be known as the "Wisconsin Economic Development Corporation." The members of the board shall consist of the governor, who shall serve as chairperson of the board, and 6 members nominated by the governor, and with the advice and consent of the senate appointed, to serve at the pleasure of the governor; 3 members appointed by the speaker of the assembly, consisting of one majority and one minority party representative to the assembly, appointed as are the members of standing committees in the assembly, and one person employed in the private sector, to serve at the speaker's pleasure; and 3 members appointed by the senate majority leader, consisting of one majority and one minority party senator, appointed as are members of standing committees in the senate, and one person employed in the private sector, to serve at the majority leader's pleasure. The secretary of administration and the secretary of revenue shall also serve on the board as nonvoting members.

(2) A majority of the voting members of the board constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the board upon a vote of a majority of the voting members present.

(3) ~~A chief executive officer shall be nominated by the governor, and with the advice and consent of the senate appointed, to serve at the pleasure of the governor.~~ The board shall hire a chief executive officer, who shall serve as the corporation's head administrator, a chief operating officer, and a chief financial officer, all of whom shall serve at the pleasure of the board and receive such compensation as may be determined by the board. ✓

~~(3)~~ (4) The board may delegate to the chief executive officer any powers and duties the board considers proper. The chief executive officer shall receive such compensation as may be determined by the board.

(5) The governor shall coordinate with the chief executive officer as if the chief executive officer is the secretary of a department in the executive branch of state government who is appointed by the governor ✓

~~(4)~~ (6) All powers and duties assigned to the corporation under this chapter shall be exercised or carried out by the board, unless the board delegates the power or duty to an employee of the corporation.

* Explain why no provisions *



In 10/6
State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-6331/D
MPG:eev:jf

Budget

2013 SENATE BILL 385

gjs
0366/P1

Insert

November 4, 2013 - Introduced by Senators LEIBHAM, LASSA, DARLING and L. TAYLOR, cosponsored by Representatives WILLIAMS, BROOKS, ENDSLEY, KNODL, MARKLEIN, MURPHY, OHNSTAD and PETRYK. Referred to Committee on Economic Development and Local Government.

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WAM

budget

1 AN ACT to repeal 238.02 (3); to renumber and amend 238.02 (4); to amend
2 238.07 (1); and to create 238.02 (4) (b) and 238.02 (4) (c) of the statutes;
3 relating to: the Wisconsin Economic Development Corporation's officers,
4 committees, and reporting obligations.

Analysis by the Legislative Reference Bureau

This bill makes several changes to the laws governing the operation of the Wisconsin Economic Development Corporation (WEDC), including the following:

Under current law, any power or duty assigned by law to WEDC is to be exercised by the board of WEDC (board), unless the board delegates the power or duty to a WEDC employee. The bill further authorizes the board to delegate any power or duty to a committee created by the board.

Also under current law, the governor appoints the chief executive officer of WEDC with the advice and consent of the senate, and the chief executive officer serves at the pleasure of the governor. Under the bill, the board, not the governor, is required to hire the chief executive officer of WEDC. The bill also requires the board to hire a chief operating officer and a chief financial officer for WEDC. Under the bill, the chief executive officer, chief operating officer, and chief financial officer all serve at the pleasure of the board. The bill requires the governor to treat the chief

SENATE BILL 385

executive officer of WEDC as if he or she were the secretary of a department in the executive branch of state government appointed by the governor.

Insect A

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 238.02 (3) of the statutes is repealed.

2 **SECTION 2.** 238.02 (4) of the statutes is renumbered 238.02 (4) (a) and amended
3 to read:

4 238.02 (4) (a) All powers and duties assigned to the corporation under this
5 chapter shall be exercised or carried out by the board, unless the board delegates the
6 power or duty to an employee of the corporation or a committee established by the
7 board, except that an employee may not exercise any power or duty under par. (b).

8 **SECTION 3.** 238.02 (4) (b) of the statutes is created to read:

9 238.02 (4) (b) The board shall hire a chief executive officer, who shall serve as
10 the corporation's head administrator, a chief operating officer, and a chief financial
11 officer, all of whom shall serve at the pleasure of the board and receive such
12 compensation as may be determined by the board.

13 **SECTION 4.** 238.02 (4) (c) of the statutes is created to read:

14 238.02 (4) (c) The governor shall coordinate with the chief executive officer as
15 if the chief executive officer ^{is} ~~is~~ ^{were} the secretary of a department in the executive branch
16 of state government who is appointed by the governor.

17 **SECTION 5.** 238.07 (1) of the statutes is amended to read:

18 238.07 (1) Annually, by ~~January~~ October 1, the board shall submit to the chief
19 clerk of each house of the legislature, for distribution to the legislature under s.

SENATE BILL 385

1 13.172 (2), a report identifying the economic development projects that the board
2 intends to develop and implement during the current ~~calendar~~ fiscal year.

3

(END)

Insert 3-2

2015-2016 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0366/P1ins
MPG:.....

State of Wisconsin

1
2
3
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INSERT A

The bill also eliminates the requirements that WEDC make a biennial report to the Investment Board and that WEDC monitor compliance with position-opening notification requirements by municipalities and certain companies and state agencies.

END INSERT A

INSERT 3-2

SECTION 1. 238.26 of the statutes is repealed.

SECTION 2. 238.125 of the statutes is repealed.

END INSERT 3-2

switch
sequence
of bill
sections

X
X



State of Wisconsin
2015 - 2016 LEGISLATURE



LRB-0366/P1
MPG:cjs:jf

DOA:.....Quinn, BB0130 – Streamlined Reporting and Governance Reform
– WEDC

FOR 2015-2017 BUDGET – NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

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