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# DAVE ARMSTRONG

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STATE REPRESENTATIVE • 67<sup>TH</sup> ASSEMBLY DISTRICT

## Testimony on Assembly Bill 63 April 30, 2025

Thank you for the opportunity today to testify on behalf of Assembly Bill 63.

The Wisconsin Health and Educational Facilities Authority is a quasi-governmental authority that provides capital financing assistance to nonprofit organizations. While the Legislature originally created WHEFA to help health and educational facilities – as you might expect – WHEFA’s current charter allows all 501(c)(3) organizations to access financing for capital improvements in Wisconsin. WHEFA finances these projects through bonding.

*WHEFA receives no state or public funds*, and its bonds are *not* a debt, liability, or moral obligation of the state or local governments. A 2019 economic impact study found that WHEFA-financed projects supported an annual average of 5,826 jobs, \$439 million in gross domestic product, and \$308 million in labor income. Again, WHEFA accomplishes this without state or public funding.

AB 63 makes several changes to ensure WHEFA’s effectiveness and competitiveness going forward.

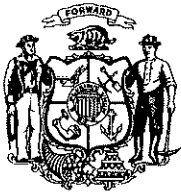
While WHEFA currently finances only capital project costs, AB 63 will allow WHEFA to finance *working* capital – operational costs. This will simplify the process for applicants and establish WHEFA as a one-stop shop for their capital needs.

AB 63 will also allow WHEFA to finance projects outside Wisconsin, as long as the owner or operator (or an affiliate) has a presence in Wisconsin. This would not only benefit nonprofits that operate in Wisconsin by increasing their access to capital, but it would benefit WHEFA by improving its regional position and reputation with interstate projects.

Lastly, AB 63 increases the maximum salary ranges for WHEFA’s executive director and other employees. This flexibility will help WHEFA recruit and retain qualified staff.

WHEFA plays an important role in Wisconsin’s nonprofit community, and it does so without state funding. AB 63 will allow it to improve its service to nonprofits and, by extension, the communities those nonprofits serve.

Thank you for your consideration.



# DAN FEYEN

## STATE SENATOR

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To: The Assembly Committee on State Affairs  
From: Sen. Dan Feyen  
Re: Assembly Bill 63

Hello members of the committee, thank you for taking the time to hear testimony on AB 63.

The Wisconsin Health and Educational Facilities Authority (WHEFA) is a quasi-governmental authority, created in 1973 to provide active capital financing assistance to nonprofit organizations within Wisconsin. Since its inception, the legislature has expanded the types of nonprofit organizations eligible for WHEFA financing from hospitals and health care, to independent colleges, certain continuing care facilities, private elementary and secondary schools, research facilities, and community rehabilitation providers. WHEFA now allows all 501(c)(3) organizations with a project in Wisconsin access to WHEFA's low-cost capital financing. In its history, WHEFA has completed close to 1,000 financings, totaling more than \$30 billion in funds. An economic impact study, completed in 2019, identified that WHEFA's issuances have supported 5,826 jobs, \$439 million in gross domestic product, and \$308 million in labor income annually, on average.

AB 63 makes several changes that will help modernize how WHEFA operates and set them up for continued success. First, this bill allows WHEFA to issue bonds for working capital. This helps nonprofits bridge the gap between construction and revenue generation. Cashflow is often an enormous barrier during the start-up phase.

Currently, WHEFA is allowed to help finance the costs of projects located outside of Wisconsin, provided the project includes a substantial component located within the state. This removes the substantial component language and allows WHEFA to finance projects for all nonprofits with a presence in Wisconsin. This change is necessary due to increasing consolidations in health care and education and will clarify existing language.

AB 63 also increases salary ranges for WHEFA staff. I want to be clear that no taxpayer dollars are used to pay WHEFA's salaries and this bill does not change that. AB 63 simply changes the statutory salary ranges for WHEFA employees, allowing them to reward their current employees and attract additional talent to the agency.

AB 63 is a relatively simple modernization of WHEFA, that allows the agency to have greater reach and to attract and retain great employees. Thank you again for taking the time to hold a hearing on this bill.

Good morning, Chairman Swearingen and members of the committee. My name is Larry Wiemer and I am the Executive Director for the Wisconsin Health & Educational Finance Authority, a quasi-governmental agency created by the Legislature in 1973, known as WHEFA. I am joined by Liz Blutsein, an attorney at Quarles & Brady that serves as WHEFA's bond counsel.

We are here in support of Assembly Bill 63 which provides important updates to the statutes governing WHEFA's authority.

Before I begin, I would like to thank Rep. Armstrong and Senator Feyen for their work on this proposal and would also like to thank this committee for the opportunity to testify on the issue.

WHEFA was created in 1973 to offer capital financing through tax-exempt bonds to hospitals, health care organizations, independent colleges and universities, K-12 private schools, and community-based non-profits in Wisconsin. The legislation presented is essential to WHEFA's ongoing ability to support these organizations, as it includes necessary updates to state law in response to the changing operating environment and competitive landscape of the entities we serve.

The first provision would allow WHEFA to issue taxable bonds for the purpose of financing working capital. This provision addresses requests from borrowers who need help with working capital during the construction phase of their projects financed through WHEFA. Many nonprofit organizations undertake projects without generating revenue until construction is completed. Consequently, they obtain financing for working capital through alternative options. The legislation allows entities to use WHEFA for financing working capital, improving transactional efficiencies and access to lower cost loans. These loans would be taxable so there is no fiscal impact to the State of Wisconsin, and the State has no obligation to repay any bonds issued by WHEFA under any circumstances.

Assembly Bill 63 also makes modifications to state law to reflect the continued evolution of the industries we serve - specifically health care organizations. Currently, state law specifies that WHEFA can help finance the costs of projects outside of Wisconsin if a substantial component is located within the state. AB63 updates this language to allow WHEFA to issue bonds to support projects with spend outside the state if the owner or operator has a presence within the state. For example, Aspirus Health in Wausau acquired Minnesota based St. Luke's last fall. Other notable examples include the merger of Aurora Health with Illinois based Advocate and SC based Atrium Health, as well as the most recent combination of Marshfield Clinic with South Dakota based Sanford Health. The updated language will help ensure that WHEFA will be able to continue to assist our legacy borrowers with future financing needs throughout their expanded footprint. As is the case with all WHEFA projects, the State of Wisconsin is not financially liable for any obligations.

Finally, this legislation would provide flexibility to modify salary levels for WHEFA employees. Although no taxpayer dollars are used to fund WHEFA salaries or overhead, current law limits

the salary levels for the Executive Director to Executive Salary Grade (ESG) 6 and for the staff to ESG 3. This bill would increase those levels to ESG 8 and 5, respectively. Salaries for the Executive Director are set by WHEFA's Board, and the Board also regularly reviews the salary levels for the staff. Raising ESG levels will help WHEFA continue delivering effective services to Wisconsin nonprofits by offering competitive salaries to attract and retain finance professionals. Similar to the other provisions in the bill, there would be no fiscal impact to the State of Wisconsin by increasing salary levels. As one of the most active issuers of tax-exempt bonds in the country, WHEFA relies on issuance fees for overhead and does not use any taxpayer dollars to fund its operations.

WHEFA has operated successfully providing nonprofit organizations with access to low-cost financing options since 1979 and we believe the modifications included in AB 63 will allow WHEFA to continue fulfilling their mission on behalf of the State of Wisconsin. We hope this committee will agree and support Assembly Bill 63.

Please let me know if there are any questions that Liz or I can answer.