



Wisconsin Economic Development Corporation

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The Wisconsin Economic Development Corporation (WEDC), a semi-public corporate entity created in the 2011 Legislative Session to replace the former state Department of Commerce, is the state entity primarily responsible for economic development in Wisconsin. This issue brief provides an overview of WEDC's structure and duties, certain grant and loan programs, and evaluations of those programs.

STRUCTURE AND DUTIES

WEDC is governed by a board comprised of 16 voting members who are state officials and private sector representatives.

Over time, the board composition has changed. Prior to September 2019, WEDC was governed by a board of 12 voting members all nominated by various governmental leaders. Since September 2019, WEDC has been governed by a 16 voting member board, consisting of six members nominated by the Governor, four members appointed by the Assembly Speaker, four members appointed by the Senate Majority Leader, one member appointed by the Assembly Minority Leader, and one member appointed by the Senate Minority Leader.¹

State law directs the board to develop and implement economic programs to provide business support and expertise and financial assistance to companies that are investing and creating jobs in Wisconsin and to support new business startups and business expansion and growth in the state. For each program, WEDC must establish clear and measureable goals tied to each program's statutory policy objectives and establish at least one quantifiable benchmark for each goal. State agencies are required to consult with WEDC when developing goals and accountability measures for economic development programs.

In addition to other powers provided by statute, the board is authorized to adopt, amend, and repeal any bylaws, policies, and procedures for the regulation of its affairs and the conduct of its business.²

GRANT AND LOAN PROGRAMS ADMINISTERED BY WEDC

While WEDC primarily administers tax credit programs such as the electronics and information technology manufacturing zone credit,³ it also administers a number of grant and loan programs.

Generally, the underlying statutory directive for these programs is to provide support to companies seeking to expand or increase operational efficiency in the state. For example, WEDC offers loans to small businesses in certain sectors that may have limited access to standard types of debt or financing, particularly in rural areas of the state. Loan funds may be used for certain activities, including the acquisition of real property and equipment, long-term leasehold improvements, and working capital. In offering and administering these loans, the statutes require WEDC to adhere as closely as practicable to commonly accepted commercial lending practices in each new lending program that it implements or administers.⁴

One recent grant program administered by WEDC is the We're All In Small Business Grant program. Funded by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, this program provides grants to small businesses to aid with costs associated with adopting best health practices, and to assist with paying wages, rent, mortgages, and inventory. The grant program has had two phases. WEDC marketed and administered Phase 1. The Wisconsin Department of Revenue (DOR) is administering Phase 2, and WEDC is focusing on Phase 2 marketing. The application window for Phase 2 ended on November 2, 2020.

Another grant program administered by WEDC is the Capital Catalyst program, through which WEDC provides seed funding to organizations and communities that are able to provide matching funds. To participate, organizations and communities must demonstrate that they have programs in place to spur the development of new high-growth businesses. Examples of grant recipients include regional economic development organizations, such as the Innovation Fund of Western Wisconsin, and community development organizations, such as the Whitewater Community Development Authority.⁵

EVALUATIONS OF WEDC ECONOMIC DEVELOPMENT PROGRAMS

The WEDC board must submit annual reports to the Legislature and the Joint Legislative Audit Committee. The reports must include specified information regarding each economic development program administered by WEDC, such as the location of each job created or retained in the state in the previous fiscal year as a result of the program.⁶

Since 2013, the Legislative Audit Bureau (LAB) has been required to conduct biennial audits of WEDC's financial management and the programs WEDC administers. Prior to the biennial LAB audits,⁷ LAB completed audits of all state economic development programs in 2006 and 2012. LAB audits have consistently included recommendations for WEDC to adhere more closely to statutes when developing and administering programs, to better align program administration with WEDC board policies, and to more stringently administer tax benefits only to organizations who meet the statutory and program requirements.⁸

The most recent audit in May 2019 identified 30 economic development programs under which WEDC allocated an estimated \$3.1 billion in tax credits, awarded \$25.6 million in grants and \$4.5 million in loans, and authorized local governments to issue \$65.7 million in bonds. After reviewing 128 awards from these programs, LAB noted that while WEDC did not consistently comply with various statutes and did not keep adequate records related to program measures and procurement policy, WEDC had implemented most of LAB's recommendations from its previous audit.

¹ s. 238.02 (1), Stats.; 2017 Wisconsin Act 369.

² s. 238.07, Stats.

³ See Legislative Council, [Economic Development Tax Credit Programs](#), Information Memorandum (March 2021).

⁴ s. 238.124, Stats.

⁵ More information about the Capital Catalyst program is available at: <https://wedc.org/programs-and-resources/capital-catalyst/>.

⁶ s. 238.07 (2), Stats.

⁷ s. 238.07 (4), Stats.

⁸ Legislative Audit Bureau audit reports, available at <http://www.legis.wisconsin.gov/lab>:

- Audit Report 19-6, *Wisconsin Economic Development Corporation*.
- Audit Report 17-9, *Wisconsin Economic Development Corporation*.
- Audit Report 15-3, *Wisconsin Economic Development Corporation*.
- Audit Report 14-11, *Wisconsin Economic Development Corporation*.
- Audit Report 13-7, *Wisconsin Economic Development Corporation*.
- Audit Report 12-11, *State Economic Development Programs*.
- Audit Report 06-9, *State Economic Development Programs*.