



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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Joint Committee on Finance

Paper #212

Restructure Wisconsin Development Fund (Commerce)

[LFB 2005-07 Budget Summary: Page 110, #17]

CURRENT LAW

Under current statutory provisions, the Wisconsin Development Fund (WDF) can provide financial assistance through the following programs: (1) technology development and commercialization grants and loans; (2) customized labor training grants and loans; (3) major economic development grants and loans; (4) urban early planning grants; (5) entrepreneurial training grants; (6) Wisconsin trade project; (7) employee ownership assistance grants; (8) revolving loan fund capitalization grants; and (9) the rapid response fund. Commerce also makes business employees skills training (BEST) grants through the WDF.

The WDF is funded through a general purpose revenue (GPR) and a program revenue (PR) repayments appropriation. The GPR appropriation is biennial and the primary source of funding for the WDF. The program revenue repayments appropriation was established to operate similar to a revolving loan fund. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies can be used to fund WDF grants and loans. Annual base level funding of \$4,498,400 GPR and \$4,050,000 PR is provided.

GOVERNOR

Eliminate current Wisconsin Development Fund (WDF) grant and loan programs and related administrative processes and establish more general program criteria and procedures for distributing financial assistance through the WDF. Base level funding of \$8,548,400 annually would remain. Under the restructured program, Commerce, at the request of the Development Finance Board (Board), would be authorized to make grants or loans to eligible recipients. Eligible recipients would include governing bodies or "persons" eligible to receive grants or

loans. (The universal statutory definition of "person" includes all individuals, partnerships and bodies politic or corporate.)

DISCUSSION POINTS

1. Under the bill, Commerce could make WDF grants or loans for the following general activities: (a) capital financing; (b) worker training; (c); entrepreneurial development; (d) providing assistance to technology-based businesses or to businesses at a foreign trade show or event; (e) promoting urban or regional economic development; (f) establishing revolving loan funds; (g) providing working capital; and (h) promoting employee ownership by conducting or implementing feasibility studies to investigate the reorganization or new incorporation of existing businesses as employee-owned businesses.

Commerce would be required to establish criteria for awarding WDF grants and loans, including the types of eligible projects that would receive priority. The Department would determine conditions applicable to grants and loans awarded. An origination fee of not more than 2% of the amount of the award could be imposed on grants or loans of \$200,000 or more. Fees that were collected would continue to be placed in the program revenue, WDF administration appropriation. With Board approval, Commerce would be required to develop procedures, related to grants and loans for all of the following: (a) submitting applications for grants and loans; (b) evaluating applications; (c) monitoring project performance; and (d) auditing grants and loans. The current requirement that the Department, with Board approval, develop and implement procedures for monitoring grant use, economic growth, job creation, and new jobs would continue.

Provisions requiring Commerce and the Board to encourage and assist small businesses in applying for and obtaining financial assistance would be retained. However, a small business would be defined as a business with fewer than 100 employees, rather than the current definition of a business operating for profit with 250 or less employees. Similarly, the Department could continue to retain 1% of WDF GPR funding for: (a) evaluations of proposed technical research projects; (b) grants to small businesses for preparing proposals for the federal small business innovative research program; and (c) costs associated with administering the WDF loan portfolio.

When an application for financial assistance was received, the Board would consider a number of factors in determining whether to award a grant or loan. Most of these factors must be considered under current law. However, the Board could consider any, rather than all, of the factors. Specifically, in determining whether to make an award, the Board could consider any of the following:

- a. Whether the project serves a public purpose.
- b. Whether the project will retain or increase employment in the state.

- c. Whether the project "might not" (rather than "is not likely to") occur without the grant or loan.
- d. Whether financing is available from another source on reasonably equivalent terms.
- e. The extent to which the project will be financed with funds not provided by the state.
- f. Whether funds from the grant or loan will be used to pay overhead costs or to replace funds from another source.
- g. Whether the project will displace any workers in the state.
- h. The extent to which the project will retain or increase employment in the state.
- i. The extent to which the project will contribute to the economic growth of the state and the well-being of residents of the state.
- j. Whether the project will be located in an area of high unemployment or low average income.
- k. The financial soundness of the eligible recipient.
- L. The intention of the eligible recipient to repay the grant or loan.
- m. Whether the project will be located in a targeted area.

When considering whether a project for which financial assistance was requested was located in a targeted area the Board could consider any of the following factors:

- a. Whether the area has high unemployment.
- b. Whether the area has a low median household income.
- c. Whether a significant number of workers in the area have been permanently laid off by their employers, or whether public notice has been given by an employer of either a plant closing or a substantial reduction in work force that will result in a significant number of workers in the area being permanently laid off.
- d. Whether the area is designated as a development or enterprise development zone.
- e. Any other factor the board considers to be an appropriate indicator of a targeted area.

Current law factors related to declining population and property values, and families receiving AFDC would be deleted.

The Board would have to require that, as a condition of receiving a grant or loan, a recipient would have to contribute to a project an amount equal to at least 25% of the grant or loan. The Board would continue to be responsible for developing a policy related to the repayment of grants and loans awarded under the WDF. Specific provisions would be deleted that require that priority be given to recipients with techniques that reduce or eliminate ozone-depleting substances, hire AFDC assistance recipients, or that projects be located in targeted areas.

The current WDF programs that would be repealed include: (a) revolving loan fund capitalization grants; (b) the rapid response fund; (c) employee ownership assistance grants; (d) major economic development grants and loans; (e) urban early planning grants; (f) technology development and commercialization grants and loans; and (g) customized labor training grants. Two programs that have statutory provisions but are not funded, Wisconsin Procurement Institute grants and technology and pollution control and abatement grants and loans, would also be repealed. The Wisconsin trade project grant program would be retained, and the entrepreneurial training grant program does not have specific statutory provisions.

WDF definitions of terms, including biotechnology, consortium, higher educational institution, major economic development project, technology, and technology-based nonprofit organization that are related to specific WDF programs, would be repealed. There would be cross-reference changes to reflect the repeal and modifications of statutory provisions.

2. These statutory provisions are further reflected in the criteria that are used by Commerce in underwriting financial assistance provided through all programs administered by the Bureau of Business Finance. The underwriting criteria include:

- a. Project viability and risk;
- b. Number of full-time jobs created or retained;
- c. Number of part-time jobs created or retained;
- d. The amount of employee wages and benefits;
- e. Total company investment in the state;
- f. The type of business and ownership;
- g. The number of targeted employees hired;
- h. Location of the project;
- i. Economic impact on the community; and
- j. Effect on competing local businesses.

3. A nine-member Development Finance Board, which is attached to Commerce, approves most WDF grants and loans. The Board consists of the Secretaries of Commerce and Workforce Development (DWD) (or designees), the Director of the Wisconsin Technical College System (WTCS) (or designee), and six members appointed by the Governor for two-year terms representing the scientific, technical, labor, small business, minority business, and financial communities in the state. The Board is statutorily responsible for approving most WDF awards. Commerce has authority to make urban early planning grants, entrepreneurial training grants, Wisconsin trade program reimbursements, loan fund capitalization grants, and rapid response fund loans. However, historically, final approval of all awards has rested with the Board.

4. Under current statutory provisions the WDF provides financial assistance through the following programs:

a. *Customized Labor Training Grants.* Customized labor training (CLT) grants fund labor training programs which provide employees with job training in new or more advanced technology, industrial and other employment-related skills, or job training in manufacturing processes to assist employers in maintaining a technologically advanced workforce. The Department can finance up to 50% of eligible project costs not to exceed \$2,500 per employee trained. Grant funds may be used to pay base wages of trainees and associated instructional costs.

b. *Technology Development and Commercialization Grants and Loans.* Technology development and commercialization grants and loans fund technical research by a business or consortium to develop new, or improve existing, industrial products or processes (technology development) and to assist businesses in infrastructure development and commercialization of a new, product or process. Awards can be granted for the following purposes: (1) a technology development grant or loan to a business or consortium to fund technical research to develop new or to improve existing industrial products or processes that have a high probability of commercial success within a relatively short time period (two to three years); or (2) a technology development loan to a business to provide working capital or fixed asset financing to develop the infrastructure of the business or for the initial commercialization of the new industrial product or process.

c. *Major Economic Development Grants and Loans.* Major economic development (MED) grants and loans fund projects that are not eligible for funding under criteria of any other WDF program, and that involve significant capital investment, or creation or retention of a significant number of jobs. The Board decides the amount of funding for a project and a determination as to whether the award is a grant or loan. Historically, awards have ranged between \$3,000 and \$10,000 per full-time job created. Allowable uses generally include expenditures for: construction and expansion; acquisition of existing businesses, land, buildings and equipment; and working capital.

d. *Employee Ownership Assistance Grants.* Employee ownership assistance grants fund the cost of an independent third party to provide professional services to evaluate the feasibility of an employee buy-out. The maximum grant is 75% of eligible project costs up to \$15,000. Grants can fund expenditures for feasibility studies to investigate the reorganization or new incorporation of an existing business as an employee-owned business, and for professional services to implement the study.

e. *Urban Early Planning Grants.* Urban early planning grants provide financial assistance to entrepreneurs and small businesses to fund professional services related to business start-ups or expansion. Grants can be made for up to 75% of eligible project costs up to \$15,000 to a single business. Grants are generally limited to \$3,000 or less, unless it can be demonstrated that the project will have a statewide impact. The total amount of urban early planning grants that can be awarded is \$250,000 in a biennium. Grants must be used to fund early planning projects. An early planning project is the preliminary stages of considering and planning the expansion or start-up of a business that is or will be located in an urban area in the state.

f. *Entrepreneurial Training Grants.* Entrepreneurial training grants are awarded through a program developed in conjunction with the University of Wisconsin-Extension Small Business Development Center (SBDC) designed to help entrepreneurs by providing financial assistance to cover a portion of the cost of attending SBDC's Entrepreneurial Training Course. Grants can be made for up to 75% of eligible tuition costs. Eligible tuition costs are limited to the tuition charged by the SBDC to attend the Entrepreneurial Training Course, including FastTrac. Grants must be used to cover the cost of tuition charged for attending the course.

g. *Wisconsin Trade Project Program.* The Wisconsin trade project program provides reimbursement for attending international trade shows, U.S. trade shows (in certain circumstances), and U.S. Department of Commerce sanctioned "matchmaker" trade delegation events. Eligible applicants are businesses, including affiliates, with \$25,000,000 or less in gross annual sales that are operating in the state and manufacturing a product and/or performing a service with potential to be exported. The maximum reimbursement amount is \$5,000 a year, and not more than \$5,000 for participation in a single trade show or matchmaker trade delegation event. The following costs are eligible for reimbursement: (1) fees for participation in a trade show, a U.S. trade show, or a U.S. Department of Commerce sanctioned matchmaker trade delegation event; (2) costs associated with shipping displays, sample products, catalogs or advertising material to a trade show, a U.S. trade show, or matchmaker trade delegation event; (3) costs incurred at a trade show, a U.S. trade show, or matchmaker trade delegation event for utilities, booth construction or necessary modifications, repairs, or other reasonable expenses associated with displays; and (4) costs associated with foreign language translation of brochures, or product information, or with the use of translation services and interpreters at a trade show, a U.S. trade show, or matchmaker delegation event.

h. *Rapid Response Fund.* The rapid response fund provides financial assistance to businesses or local governments to prepare sites for businesses to locate or expand, in communities that have experienced plant closings or substantial layoffs. Funding is provided in the form of loans. Loan recipients must provide matching funds equal to 25% of the cost of the project up to a maximum of \$250,000. The Department may not award more than \$2 million in total loans from the rapid response fund in a biennium. Loans can only be used for the following purposes: (1) the renovation or improvement of an existing building; (2) the purchase of land, an existing building, machinery or equipment; and (3) the construction of a new building. Commerce has not made any awards under this provision in recent years.

i. *Revolving Loan Fund Capitalization Grants.* Revolving loan fund capitalization grants provide funding for local revolving loan funds, which are used to promote local and regional economic development, primarily in areas that experience business closings or substantial layoffs. This program is, in part, intended to operate in conjunction with the rapid response fund. The maximum total amount of loan fund capitalization grants that can be made in a biennium is \$500,000. Grants must be used to establish or provide capital for local revolving loan funds. The revolving loan fund must be used to promote local or regional economic development. Commerce has not made any awards under this provision in recent years.

WDF award recipients are currently required to provide a nonstate match of at least 25% of the eligible project costs. However, in practice, recipients typically must provide matching amounts that exceed the statutorily minimum requirement. In many cases, the match exceeds the amount of the award.

Currently, Commerce is authorized to charge an origination fee of up to 2% on MED and CLT grants and loans in excess of \$200,000. Fee collections are placed in a program revenue appropriation used to provide funding for administration of the WDF. In addition, the Department is authorized to use up to 1% of amounts appropriated for GPR WDF awards for evaluation costs, collection costs, foreclosure costs, and other costs associated with administering the WDF loan portfolio.

5. Table 1 compares the dollar amounts awarded and encumbered under each of the WDF program groups by biennium, starting in 1987-89. The information in the table is from Department of Commerce, WDF program history reports. For the 2003-05 biennium, award amounts are only shown for fiscal year 2003-04. Fiscal year 2004-05 awards have not been completed, as of this writing. Encumbered amounts are shown. However, in a limited number of cases, awards are declined or withdrawn or it is determined that an amount less than the total awarded amount is sufficient to fund a project. The encumbered amounts include grants and loans from both the GPR and program revenue repayments appropriations. Appendix I contains a list of the WDF awards approved by the Board for fiscal year 2003-04. The table shows that the largest proportion of WDF funding is awarded for customized labor training grants and major economic development projects. However, the greatest number of awards are made to individuals and businesses through the urban early planning grant and entrepreneurial training grant programs.

6. Historically, provisions have been enacted which designated a certain portion of WDF funding for a specific purpose. Generally, the designated funding is for a particular activity or project that would not qualify for funding under the existing WDF programs. Initially, most funding was designated for grants for labor training and employment services programs for employees who were laid off from, or affected by, the closing of specific businesses. However, over time the purposes for which funding was designated have become much more varied. In the 2001-03 biennium, Commerce was required to make WDF awards of \$160,000 to the United Community Center in Milwaukee, \$100,000 annually to a manufacturing and advanced technology training center in Racine, \$100,000 annually to Reggie White's Urban Hope initiative in Beloit, and \$500,000 annually to the Wisconsin Manufacturing Extension partnership (WMEP). In the 2003-05 biennium, Commerce is required to make a grant of \$100,000 in each year to the Wisconsin Minority Business Opportunity Committee (MBOC) and grants during 2003-04 to eligible applicants in areas experiencing plant closings or high unemployment rates.

TABLE 1

Wisconsin Development Fund Financial Assistance by Programs -- Amounts Awarded and Encumbered

	1987-89	1989-91	1991-93	1993-95 ^a	1995-97 ^a	1997-99 ^a	1999-01 ^a	2001-03 ^a	2003-04 ^b
Major Economic Development ^c	\$4,738,100	\$5,920,000	\$6,325,100	\$16,335,900	\$7,284,000	\$10,359,800	\$4,455,600	\$6,288,900	\$4,570,000
Customized Labor Training ^d	12,932,800	17,073,300	3,467,300	6,657,200	9,030,000	6,454,300	8,786,100	7,790,600	2,921,000
Technology Development	2,934,300	1,585,800 ^e	1,894,800 ^f	1,746,100	525,800	3,053,600	7,088,000	3,935,200	1,650,000
Research Grants and Loans ^g	---	110,000	46,600	153,700	17,200	---	---	---	---
Employee Ownership	---	35,000	123,000	91,300	56,000	22,500	---	---	---
Export Development ^{h/}									
Wisconsin Trade Project ⁱ	118,000	179,400	---	---	63,000	108,100	86,200	155,000	55,000
Manufacturing Extension Grants ^j	---	---	---	---	---	---	2,000,000	1,000,000	---
Urban Early Planning and									
Entrepreneurial Training Grants ^k	---	---	---	---	---	---	195,800	623,700	560,000
Other	<u>300,000^l</u>	<u>2,350,000^m</u>	<u>1,401,000ⁿ</u>	<u>4,974,200^o</u>	<u>100,000^p</u>	<u>2,750,000^q</u>	<u>1,700,000^r</u>	<u>560,000^s</u>	<u>200,000^s</u>
Total	\$21,023,200	\$27,253,500	\$13,257,800	\$29,958,400	\$17,076,000	\$22,748,300	\$24,311,700	\$20,353,400	\$9,956,000

^a Amounts shown for the biennium include program revenue payments and recaptured GPR funding for the 1993-95 through the 2001-03 biennium.

^b Award amounts for fiscal year 2003-04 only; fiscal year 2004-05 awards are not included.

^c Program created in 1987.

^d Includes manufacturing assessment grants in 1991-93 and Business Employee Skills Training (BEST) grants beginning in 1999-01.

^e Includes applied research in technology grants. The program was repealed by 1993 Wisconsin Act 16 (the 1993-95 biennial budget).

^f Includes applied research in technology and technology based incubator grants.

^g Program created in 1989. Repealed in 1997.

^h Program created in 1985.

ⁱ The export development loan program was replaced by the Wisconsin trade project program beginning in fiscal year 1995-96.

^j Program created in 1999. Separate funding source created in 2003-05 biennial budget.

^k Urban Early Planning Grant program (UEPG) created in 1999; Entrepreneurial Training Grant program created in 2000.

^l Agriculture assistance program.

^m Specific legislative awards.

ⁿ Specific legislative awards and a hazardous pollution assessment grant.

^o Manufacturing extension center grants awarded from unencumbering previously encumbered funds.

^p Manufacturing extension awards, manufacturing assistance grants, revolving loan fund capitalization grants, and rapid response fund.

^q Specific legislative awards, including grants to Wisconsin Procurement Institute.

^r Specific legislative awards including grants to United Community Center, Gateway Technical College, and Urban Hope.

^s Specific legislative award to Wisconsin Minority Business Opportunity Committee.

Source: Department of Commerce, WDF program history report.

7. Commerce, in cooperation with the Development Finance Board, is required to encourage small businesses to apply for WDF grants and loans by ensuring that there are no undue impediments to their participation, and by assisting small businesses in preparing applications. For this purpose, a small business is a business with 100 or fewer employees or sales less than \$10 million. In the 2001-03 biennium, 700 awards totaling over \$6.2 million were made to small businesses. This represented approximately 31% of total awards during the 2001-03 biennium.

8. Under current law, the Board is required to provide more favorable terms on awards for projects located in distressed areas than for those that are located in non-distressed areas. Distressed areas include counties which meet two criteria that include a high unemployment rate, low household income, a high percentage W-2 eligible residents, declining population and property value and a significant number of displace workers.

9. To address legislative concerns about the allocation of WDF funding, the Development Finance Board adopts a distribution plan for awarding WDF funds for each biennium. The plan presents recommendations for the amount of total funds that will be allocated to general categories of WDF programs: (a) entrepreneurial development -- employee ownership program, urban early planning grants, and entrepreneurial training grants; (b) capital finance -- major economic development grants and loans, Wisconsin trade project program, rapid response fund, and revolving loan fund capitalization grants; (c) training -- customized labor training grants, business employee skills training program; and (d) technology -- technology development grants and loans, technology development commercialization loans.

As established by the Board, the 2003-05 funding plan sets goals for each program group as follows: (a) 5% for entrepreneurial development (\$825,000); (b) 30% for capital finance (\$4.95 million); (d) 35% for training (\$5.775 million); and (d) 30% for technology development (\$4.95 million).

The funding plan also includes goals for targeting awards to certain types of projects in certain locations. The plan's stated goals for 2003-05 are:

- a. Focus on manufacturers that provide high wages and benefits;
- b. Enhance entrepreneurial development opportunities and remain cognizant of the needs of small businesses;
- c. Focus business development in targeted (distressed) areas of the state;
- d. Expanded funding for technology-based projects; and
- e. Increased cooperation between state agencies to develop new and innovative training concepts.

10. Commerce requested the restructuring of WDF provisions in its agency request to allow more flexibility in allocating state economic development resources. The Department indicates that the change would reduce the administrative burden on the Department and shorten

response time in funding promising economic development projects. In addition, Commerce could be more creative in responding to a particular project proposal or economic issue. Under the bill's provisions, Commerce could continue to fund all the same type of projects as under current law, and focus on small business and distressed areas. Projects that require specific legislative designation under current provisions could be funded under the new guidelines

However, the current WDF programs were enacted by the Legislature for specific purposes and to address certain economic development goals. Program provisions ensure that funds are used for stated policy objectives. For example, CLT funds must be awarded for job training in new or advanced technology and skills to develop a technologically advanced workforce. From this view, changing specific program criteria could lead to a more inefficient use of funds in supporting economic development.

11. In reviewing the proposed changes to the WDF the Committee may wish to make any of the following modifications:

a. It is argued that small businesses face certain barriers to capital financing that larger firms do not. As a result, a specified proportion of total program funding (for example, 35% or 50%) could be targeted to small business. The current definition of less than 100 employees or less than \$10 million in gross sales could be used.

b. Some studies indicate that economic development incentives are more cost-effective when directed at distressed areas. A certain proportion of funding (35%) could be directed toward distressed areas.

c. Commerce administers a separate technology commercialization grant and loan program that provides grants to provide financial assistance to entrepreneurs. The program provides the following types of financial assistance: (1) early stage planning grants and loans; (2) matching grants and loans; (3) bridge grants and loans; (4) venture capital grants and loans; (5) entrepreneurial and technology transfer center grants. Annual funding of \$2.6 million GPR is provided. As an alternative, the WDF programs for technology development grants and loans and technology development commercialization loans could be incorporated in to the new technology commercialization program. The target amount of funding, 30% or \$2.475 million annually, (equally in GPR and PR) could be transferred to the technology commercialization program. A lower amount of funding, such as \$2.0 million annually could be transferred to reflect awards made in the 2003-05 biennium. This would centralize all funding available for technology development in a single program.

d. The Department administers the BEST program separately, although a major portion of grant funding is distributed from the WDF. A total of 30 BEST grants and \$73,200 was awarded during the 2001-03 biennium. In addition, AB 100 would establish a training assistance grant program and provide \$2.5 million GPR annually for grants to businesses that would create a significant number of jobs or introduce new capital investment. Training grants can be viewed as wage subsidies that can increase employment. Also, firms, particularly small businesses, are reluctant to invest in training, since employees may leave for other work before the investment is

recouped. To address these issues, a separate training grant program could be established with funds from the WDF and proposed training assistance grant program. The BEST program could also be incorporated. Total funding could include the \$2.5 million in annual funding from the proposed training grant program and the target share of 35% of total WDF funding or \$2.9 million annually could be provided. An alternative would be to provide \$4.0 million annually from the WDF to reflect the amount awarded in the 2001-03 biennium. The general AB 100 provisions governing training grants from WDF funds would allow Commerce to make the types of grants required under the specific programs, as well as flexibility to provide for specific types of employer based training that benefit the grant recipients.

e. AB 100 would also provide \$5.0 million GPR in 2006-07 and create a super employment and economic development zone grant program to provide grants to firms in extremely distressed areas with a high rate of unemployment. This funding and program could be incorporated into the WDF. Again the general provisions would allow Commerce to make these type of grants.

f. The WDF provisions under AB 100 would require WDF applicants to provide a match of 25% of the grant or loan awarded. A budget errata report indicates that the requirement should be 25% of project cost. The Committee may wish to approve the recommend change.

12. It should be noted, that program revenue funding for grants and loans represents repayments of previous awards. In order to create separate programs from WDF components with program revenue funding, the Department would be required to transfer a portion of the balance in the WDF repayments appropriation to a newly created program revenue appropriation to provide PR funding for the new program. In addition, the Department would have to identify the applicable loans in its loan portfolio and transfer repayments to the appropriate new program. For example, technology commercialization loans would provide program revenue repayment funding for the proposed consolidated technology grant and loan program.

ALTERNATIVES

1. Approve the Governor's recommendation to eliminate current Wisconsin Development Fund (WDF) grant and loan programs and related administrative processes and establish more general program criteria and procedures for distributing financial assistance through the WDF.

2. Modify the Governor's recommendation by adopting any of the following modifications:

a. Define small business as firms with 100 or less employees or \$10 million or less in gross receipts and require that 35% of total program funding be awarded to such businesses.

b. Define small business as firms with 100 or less employers or \$10 million or less in gross receipts and require that 50% of total program funding be awarded to such businesses.

c. Require that 35% of total program funding be awarded to businesses located in distressed areas as defined under the WDF provisions included in the bill.

d. Incorporate the technology development grants and loans and technology development commercialization loans WDF program in the technology commercialization grant and loan program and provide \$1.24 million GPR and \$1.24 PR annually from the WDF for grants and loans. Total annual funding of \$3.84 million GPR and \$1.24 million PR would be provided.

e. Incorporate the technology development grants and loans and technology development commercialization loans WDF program in the technology commercialization grant and loan program and provide \$1.0 million GPR and \$1.0 million PR annually from the WDF for grants and loans. Total funding of \$3.6 million GPR and \$1.0 million PR would be provided.

f. Incorporate the technology commercialization grant and loan program in the WDF and provide \$2.6 million GPR in annual funding.

g. Create a separate training grant program by combining the proposed training assistance grant program and \$2.5 million GPR annually, the BEST program, and \$2.9 million GPR from the WDF, under the general WDF training grant provisions included in AB 100. Total annual funding would be \$5.4 million GPR.

h. Create a separate training grant program by combining the proposed training assistance grant program and \$2.5 million GPR annually, the BEST program, and \$4.0 million GPR from the WDF, under the general WDF training grant provisions included in AB 100. Total annual funding would be \$6.5 million GPR annually.

i. Incorporate the proposed training assistance grant program and \$2.5 million GPR annually and the BEST program principals under the WDF.

j. Incorporate the proposed super employment and economic development zone grant program and \$5.0 million GPR in 2006-07 in the WDF, under the general WDF provisions included in AB 100.

k. Require that WDF grant and loan recipients provide matching funds of at least 25% of project costs.

3. Maintain current law.

Prepared by: Ron Shanovich
Attachment

APPENDIX I

Wisconsin Development Fund Awards July 1, 2003 through June 30, 2004

Major Economic Development

Recipient (Location)	Use of Award	Award
General Motors Corp. (Janesville)	Grant for training employees to upgrade skills.	\$2,600,000
WISys Technology Foundation, Inc. (Milwaukee)	Grant to assist company in providing technology transfer services to new economy/high-tech, high wage state businesses.	600,000
Pacal Industries, LLC (La Crosse)	Loan for working capital to increase operations and create 33 new jobs.	350,000
Subtotal		\$3,550,000

Customized Labor Training

Snap-On, Inc. (Milwaukee)	Grant to train 133 employees. These positions were previously at the Kenosha facility and moved to Milwaukee.	\$300,000
Stora Enso North America Corp. (Kimberly)	Grant to train 154 employees on new paper and wet lap machines.	265,200
Stora Enso North America Corp. (Wisconsin Rapids)	Grant to train 161 employees on upgraded equipment.	250,000
Aacer Flooring, LLC (Peshtigo)	Grant to train 88 employees (three new) as part of an upgrade of production facilities.	200,000
Brunswick Corporation (Fond du Lac)	Grant to train 78 employees as part of a reengineering process.	197,000
Tufco Technologies, Inc. (Green Bay)	Grant to train 76 employees (15 new).	161,600
Appleton Coated, LLC (Combined Locks)	Grant to train 99 employees on new equipment.	111,000
Stora Enso North America Corp. (Wisconsin Rapids)	Grant to train 70 employees (four new) on new equipment.	91,100
Don Evans, Inc. (Oshkosh)	Grant to train 88 employees (36 new) on new injection molding plastic manufacturing equipment.	72,084
Manitowoc Ice, Inc. (Manitowoc)	Grant to train 61 employees (six new) as part of a consolidation of assembly lines and new product manufacturing.	70,150
Green Bay Converting, Inc. (Green Bay)	Grant to train 30 employees (17 new) on new equipment.	51,150
Stora Enso North America Corp. (Wisconsin Rapids)	Grant to train 33 employees on the use of new equipment at Biron plant.	50,100
Blenker Companies, Inc. (Amherst)	Grant to train 52 employees (35 new) on new equipment.	50,000
K & L Tooling, Inc. (Port Washington)	Grant to train 33 employees (18 new)	44,719
Imperial Lithographing Corporation (Milwaukee)	Grant to train 31 employees as part of ISO 9001 certification.	44,400
Muza Metal Products Corporation (Oshkosh)	Grant to train 33 employees on new equipment.	38,565
Servo Motors and Drives, Inc. (Milwaukee)	Grant to train 16 employees as part of ISO 9002 certification.	34,094
Louisiana-Pacific Corp.	Grant to train 45 employees (six new) as part of an expansion of the	\$33,859

Recipient (Location)	Use of Award	Award
(Tomahawk)	company's manufacturing capabilities.	
Seneca Foods Corp. (Baraboo)	Grant to train nine new employees.	31,250
Custom Wire Technologies, Inc. (Milwaukee)	Grant to train 17 employees (nine new) as part of ISO 9001/2000 certification.	29,225
Barton Products Corp. (West Bend)	Grant to train 10 employees (four new) on new manufacturing technology for precision parts and components.	25,000
Ryeco, Inc. (Beloit)	Grant to train 14 employees and fund registration costs that will enable company to become ISO certified.	24,250
PROFAB Corp. (Waukesha)	Grant to train 20 employees as part of ISO 9001/2000 certification.	23,131
Stora Enso North America Corp. (Stevens Point)	Grant to train 73 employees on automatic bale de-wiring and continuous repulper feed line equipment.	22,670
AW Company (Franksville)	Grant to train 11 employees as part of ISO certification.	21,130
Reich Tool & Design, Inc. (Menomonee Falls)	Grant for ISO 9001/2000 certification.	20,000
Accurate Alignment and Frame Service, Inc. (Appleton)	Grant to train 42 employees (one new) to attain IOS 9000/2000 certification.	18,838
Marlin Technologies, Inc. (Horicon)	Grant for ISO certification.	17,169
H.E. Tool & Die Corp. (West Bend)	Grant to train eight employees as part of ISO 9001 certification.	16,850
Megomat USA, Inc.	Grant for ISO certification training.	16,000
Journeyman Machine and Supply Co., Inc. (Fond du Lac)	Grant to train 11 employees for ISO certification.	15,350
Ultratech Tool & Design, Inc. (Fond du Lac)	Grant to train 11 employees as part of ISO and QS9000 certification.	13,412
Toolcraft Co., Inc. (Germantown)	Grant to train five employees to operate a new high speed milling machine.	12,000
Swanson Wiper Corp. (Oshkosh)	Grant to train 10 employees (three new) on new production equipment.	11,948
Dimat , Inc. (Cedarburg)	Grant to train five employees for the plant to become ISO 9001/2000 certified.	10,397
	Subtotal	\$2,393,641

Business Employees' Skills Training

Recipient (Location)	Use of Award	Award
Medalist Laserfab, Inc. (Oshkosh)	Grant to provide employee training to upgrade skills of company's workforce.	\$10,000
Merrill Power Coatings, Inc. (Merrill)	Grant to train 16 employees for ISO certification.	10,000
Man and Material Lift Engineering, LLC (Cudahy)	Grant for ISO 9000 training and certification.	9,675
JHL Mail Marketing (Stevens Point)	Grant to train employees on new processing equipment.	7,700
Helicopter Specialties, Inc. (Janesville)	Grant for training to upgrade the skills of its workforce.	7,500
Uniplex Corp. (Pewaukee)	Grant to train employees on robotics and vision system programming and implementation.	6,345
The Laser Shop, Inc. (Germantown)	Grant to train seven employees in Value Stream Map and Facilitated Application.	5,000
Acry Fab, Inc. (Sun Prairie)	Grant to train five employees to upgrade the skills of the workforce.	5,000
American Laser Products, Inc. (Middleton)	Grant to train six employees to improve productivity.	5,000
Cardinal Industries, Inc. (Milwaukee)	Grant for ISO training of employees.	\$4,000

Recipient (Location)	Use of Award	Award
	Subtotal	\$70,220

Technology Development

Recipient (Location)	Use of Award	Award
Genetic Assemblies, Inc. (Madison)	Loan for continued research and development for a prototype.	\$350,000
BellBrook Labs, LLC (Madison)	Loan to develop proprietary assays for drug discovery market.	250,000
ioGenetics, LLC (Madison)	Loan for research and development.	225,000
Wisconsin Small Engine Consortium (Kohler)	Loan for working capital.	200,000
NeoClone Biotechnology International, LLC (Madison)	Loan for working capital necessary to further develop monoclonal antibody technology.	150,000
Marvel Medtech, LLC (Cross Plains)	Loan for working capital during product development, clinical trials, and testing, and for equipment.	75,000
	Subtotal	\$1,250,000

Urban Early Planning Grant

Recipient (Location)	Use of Award	Award
Awards made to 41 individuals and businesses	Grants used for professional services to develop feasibility studies and business plans. Businesses must be in specific industrial clusters.	Awards range from \$1,875 to \$15,000
	Subtotal	\$130,503

Entrepreneurial Training Grant

University of Wisconsin, Small Business Development Center -- State Office (Madison)	The Small Business Development Center (SBDC) Office will administer the Entrepreneurial Training Grant program, including grants to qualified applicants. Grants are used to pay 75% of tuition of approved courses at a local SBDC that provides instruction on how to prepare a comprehensive business plan.	\$308,000
	Subtotal	\$308,000

Wisconsin Trade Program

Recipient (Location)	Use of Award	Award
Prodesse, Inc. (Waukesha)	Grant to attend Association of Molecular Pathology in Orlando, Florida.	\$5,000
Lucigen Corporation (Middleton)	Grant to attend Bio-Partnering North America Show in Vancouver, Canada.	5,000
NeoClone Biotechnology International, LLC (Madison)	Grant to attend BIO 2004 show in San Francisco, California.	5,000
Cambridge Major Laboratories, Inc. (Germantown)	Grant to attend BIO 2004 show in San Francisco, California.	5,000
EraGen Biosciences, Inc. (Madison)	Grant to attend BIO 2004 show in San Francisco, California.	5,000
Amalga Composites, Inc. (West Allis)	Grant to attend PTC Asia in Shanghai, China	5,000
	Subtotal	\$30,000

Legislative Designations

Wisconsin Business Resource Center, Inc. (Milwaukee)	Grants to develop initiative that will foster growth and expansion of minority business in Milwaukee and the southeast part of the state.	\$200,000
Wisconsin Center for Manufacturing and Productivity, Inc. (Madison)	Grant to assist in transfers of technology to businesses in Wisconsin.	100,000
	Subtotal	\$300,000
	GRAND TOTAL	\$8,032,364

Source: Biennial Department Reports to the Chairs of the Senate Committee on Economic Development, Job Creation and Housing, and the Assembly Committee on Economic Development.