



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

July 9, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Wisconsin Economic Development Corporation: Section 13.10 Request to Fund Branch
Campus Redevelopment Grants -- Agenda Item VII

On May 20, 2024, the Wisconsin Economic Development Corporation (WEDC) requested that the Joint Committee on Finance transfer \$20,000,000 GPR in 2023-24 from the Committee's supplemental appropriation to fund branch campus redevelopment grants, pursuant to s. 238.145.

BACKGROUND

The UW System consists of two doctoral campuses (Madison and Milwaukee), which grant baccalaureate, master's, doctoral, and advanced professional degrees; eleven comprehensive campuses (Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and Whitewater), which grant associate, baccalaureate, and selected graduate and professional doctorate degrees; and, until recent campus closures, thirteen two-year campuses that have been integrated with nearby doctoral or comprehensive campuses (Baraboo, Barron, Fond du Lac, Fox Cities, Manitowoc, Marathon, Marinette, Marshfield, Richland, Rock, Sheboygan, Washington, and Waukesha).

In November, 2017, the Board of Regents approved a proposal to restructure UW Colleges and UW-Extension, integrating UW Colleges campuses with UW four-year institutions, and assigning divisions within UW-Extension to UW-Madison and UW System Administration. The restructuring was approved by its accreditation agency, the Higher Learning Commission, on June 28, 2018. The 13 two-year college facilities are owned by the municipalities or counties in which they are located. Generally, UW System is responsible for the academic program, movable equipment, custodial services, and utilities, while the municipality/county is responsible for repairs, improvements, and maintenance of the facilities.

In November, 2022, UW System President Jay Rothman announced that UW-Platteville Richland would be closing in July, 2023. In October, 2023, it was announced that in person

instruction would be ending at two additional campuses: UW-Milwaukee at Washington County and UW-Oshkosh, Fond du Lac campus. Classes at these two campuses ended after the spring, 2024 semester. In January, 2024, UW-Green Bay Chancellor Mike Alexander announced that the UW-Green Bay Marinette campus would move fully online in fall, 2024. Additionally, in March, 2024, UW-Milwaukee Chancellor Mark Mone announced that the UW-Milwaukee Waukesha County campus would close after the spring, 2025 semester. Most recently, in June, 2024, UW-Oshkosh Chancellor Andy Leavitt announced that the UW-Oshkosh, Fox Cities campus would close after the spring, 2025 semester as well.

Provisions of 2023 Act 250, as partially vetoed by the Governor, created a continuing GPR appropriation in WEDC to support branch campus redevelopment grants. However, the Act provided no funding for WEDC to award grants. Instead, Act 250 reserved \$20,000,000 GPR in 2023-24 in the Joint Committee on Finance supplemental appropriation for this purpose. Act 250 allows the Committee to supplement the WEDC appropriation without the finding of an emergency.

As enrolled and presented to the Governor, Act 250 requires WEDC to award grants of up to \$2,000,000 to political subdivisions (a city, village, town, or county) for costs, including planning costs and demolition costs, associated with the redevelopment of buildings or other sites owned by the political subdivision on a branch campus or former branch campus "that are or will no longer be used for academic purposes". The Governor's veto removed the reference to academic purposes. As vetoed, the grant could be utilized by any of the former branch campuses (former college campuses) that were partnered with a university in the UW System restructuring plan approved by the Higher Learning Commission on June 28, 2018, regardless of whether the site is currently used for academic purposes. This includes the campuses in Baraboo, Barron, Fond du Lac, Fox Cities, Manitowoc, Marathon, Marinette, Marshfield, Richland, Rock, Sheboygan, Washington, and Waukesha. Awardees are required to submit a report to WEDC and the Chief Clerk of each house of the Legislature that indicates the name of the grant recipient, the amount awarded, and a detailed description of how the grant funds were spent no later than 90 days after completion of the project.

The grants may be used to fund activities that contribute to the overall economic improvement and enhancement of the community, including activities that facilitate job creation, workforce development, small business support, housing, or public infrastructure improvement. WEDC may only award a grant if the applying political subdivision submits community letters of support for the grant and provides funding from local sources. As enrolled and presented to the Governor, political subdivisions were required to match at least 20% of the grant amount, but this requirement was removed by the Governor's partial veto.

Act 250 requires WEDC to award a grant to Fond du Lac, Washington, Marinette, and Richland Counties, provided each county satisfies all requirements for an award of the grant. As enrolled and presented to the Governor, the grant to Richland County was required to be awarded by WEDC prior to any other political subdivision. Likewise, after the grant to Richland County, the grants to Fond du Lac, Washington, and Marinette were required to be awarded prior to any other grants. However, the requirements to make these awards prior to any other award was removed by the Governor's partial veto.

As enrolled and presented to the Governor, WEDC was required to submit separate requests under s. 13.101 (3) to the Committee for each grant to be awarded. However, this requirement was removed by the Governor's partial veto. As approved by the Governor and published, WEDC is not required to make separate requests for each grant award.

ANALYSIS

In the May 20, 2024, letter submitted to the Committee, WEDC requested a transfer of \$20,000,000 GPR in 2023-24 to fund the branch campus redevelopment grant program. At this time, no policies have been adopted by the WEDC Board of Directors for the program. WEDC indicates that policies could be drafted and presented to its Awards Administration Committee and Board of Directors upon approval of the transfer by the Committee. WEDC anticipates that it could begin accepting applications as soon as the first quarter of 2024-25.

WEDC's request is consistent with the Legislature's intent, as expressed in Act 250, to provide \$20,000,000 GPR to support branch campus redevelopment grants. For this reason, the Committee could approve the request (Alternative 1). This alternative would provide the funds to WEDC in 2024-25, rather than in 2023-24, to reflect the current fiscal year.

On the other hand, the Committee could require WEDC to first implement policies and procedures for the program (Alternative 2). Directing WEDC to return after they have implemented policies would enable the Committee to evaluate the program prior to directing \$20,000,000 GPR to support it.

ALTERNATIVES

1. Approve WEDC's request to transfer \$20,000,000 GPR in 2023-24 from the Committee's program supplemental appropriation under s. 20.865(4)(a) to the WEDC appropriation under s. 20.192(1)(c) in 2024-25 to fund branch campus redevelopment grants.
2. Deny the request. Direct WEDC to request funding after policies and procedures for the branch campus redevelopment grant program have been adopted.
3. Deny the request.

Prepared by: John Gentry and Erin Probst