



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto: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  
Technology and Innovation Hub Grant to BioForward, Inc. -- Agenda Item VIII

On July 3, 2024, the Wisconsin Economic Development Corporation (WEDC) requested that the Joint Committee on Finance transfer \$7,500,000 GPR in 2024-25 from the Committee's supplemental appropriation to fund a grant in that amount to BioForward, Inc. (BioForward), pursuant to 2023 Act 96.

### BACKGROUND

**Regional Technology and Innovation Hub.** The federal Regional Technology and Innovation Hub program designates certain areas of the United States as "tech hubs" for purposes of awarding federal economic development grants. The program includes additional benefits, such as follow-on funding opportunities, assistance, technical assistance, and intellectual property guidance.

In October, 2023, the federal Department of Commerce (Commerce) designated the Madison, Milwaukee, and Waukesha metropolitan statistical areas as a regional tech hub in the field of personalized medicine and biohealth technology based on an application from a consortium of public agencies, private companies, and nonprofit organizations in Wisconsin. The regional tech hub's goal is to position Wisconsin as a global leader in personalized medicine. Personalized medicine is an approach that tailors tests, treatments, and therapies to a patient's unique genetic code, medical record, and environment.

Consortium members include WEDC, the University of Wisconsin System Administration, the University of Wisconsin-Madison, GE HealthCare, Rockwell Automation, Exact Sciences Corporation, BioForward, Employ Milwaukee, Accuray, Plexus, WRTP Big Step, Milwaukee Area Technical College, Madison Area Technical College, the Madison Regional Economic Partnership, and Milwaukee 7. BioForward, a nonprofit founded in 1988 with offices in Madison and Milwaukee, is the lead consortium member. The consortium received a phase-one federal strategy development

grant from Commerce of \$350,000 to engage in planning activities and local coordination to apply for a phase-two tech hub implementation grant of up to \$75 million in federal funds.

For phase-two grants, the federal share of cost reimbursements cannot exceed 90% of the total operating costs of the regional technology and innovation hub during an initial performance period of not less than two years. Commerce may renew the grant for subsequent periods, for which the federal share cannot exceed 75%. As a result, the consortium is required to provide 10% of project costs in the initial performance period (any subsequent performance periods would require a match of 25%).

**2023 Act 96.** Provisions of 2023 Act 96 created a biennial GPR appropriation for WEDC to provide a grant to BioForward, in its capacity as the lead consortium member in the 2023-25 biennium. WEDC is required to provide a grant of \$7,500,000 (which equates to 10% of the possible \$75 million federal grant award) to BioForward for the purpose of sponsorship funding for the state's designation as a regional technology and innovation hub. The biennial appropriation under WEDC for the grant will be repealed after the 2023-25 biennium, effective July 1, 2025.

Act 96 did not provide funding to WEDC for the state regional technology and innovation hub grants. Instead, funding of \$7,500,000 GPR was provided to the Committee's supplemental appropriation in 2023-24 for this purpose. Although not specified in Act 96, WEDC must request funding from the Committee for a transfer from the Committee's supplemental appropriation to WEDC's biennial appropriation.

Beginning with the first year after the grant is awarded, WEDC and BioForward will be required to submit a joint report to the Committee detailing all uses of the grant moneys. Act 96 requires BioForward, to the extent consistent with the federal requirements, to expend the state grant funds for the following projects.

1. Establishing a clinical work flow and supply chain support center for image-guided therapies and theranostics in Wisconsin. Theranostics are therapies that also yield a diagnosis, such as simultaneously revealing tumors and killing cancer cells.
2. Supporting the development of lab-related programming and support for the expansion of Forward BIOLABS, Inc., including the construction of new and expanded shared lab space. Forward BIOLABS, Inc., is a non-profit organization that provides shared life science laboratories and lab support infrastructure for start-up companies.
3. Developing: (a) a program that provides support for manufacturing and supply chain companies in Wisconsin to develop apprenticeship programs; and (b) incentives for employers to engage apprentices in high-demand industry sectors.

**Phase-Two Award.** After the enactment of Act 96, BioForward submitted its phase-two application to Commerce. On July 2, 2024, Commerce announced that it will award an estimated \$49 million to the consortium. The final grant amount from Commerce will be determined at a later time. According to the narrative submitted by BioForward as part of its application and the

Commerce announcement, the programs receiving funding include:

1. The health data hub, led by UW-Madison, will establish a cybersecure data ecosystem to accelerate biohealth product development.
2. The mobile screening center, led by Medical College of Wisconsin, will deploy cancer screening in underserved communities to deliver care and collect health data.
3. The clinical decision support program, led by GE Healthcare, will employ sophisticated data techniques to streamline the clinical integration of new technologies and support the growth of theranostics and personalized medicine.
4. The career pathways program, led by Madison College and Milwaukee Area Technical College, will create talent pipelines via expanded certification programs, apprenticeships, and training.
5. BioForward will lead the project management of the tech hub, coordinating initiatives, promoting collaboration, tracking metrics, and sharing information.

## **ANALYSIS**

In the letter submitted to the Committee, WEDC requested a transfer of \$7,500,000 GPR in 2024-25 to fund the regional tech hub grant program. WEDC states that it would provide the full amount of the grant to BioForward via contract in its capacity as lead consortium member.

WEDC's request is consistent with the Legislature's intent, as expressed in Act 96, to provide \$7,500,000 GPR to support the technology and innovation hub grant. For this reason, the Committee could approve the request (Alternative 1).

Alternatively, the Committee could choose to transfer a reduced amount of GPR funding because the announced amount of the federal phase-two grant was ultimately less than the \$75 million maximum that could have been awarded by Commerce. For example, the Committee could proportionally reduce the amount of state funding to the amount necessary to draw the maximum federal grant award (Alternative 2), which would be \$5.45 million (the total project cost is estimated to be \$54.45 million, and so the 90% federal share is \$49 million and the 10% state share is \$5.45 million). Note that because Act 96 requires that the grant amount to be awarded by WEDC to BioForward be exactly \$7,500,000, reducing the GPR transferred would require WEDC to provide the remainder of funding from its own sources (such as revenues from the economic development SEG fund). WEDC estimates that, as of the end of June, 2024, its unassigned fund balance was \$6.0 million.

Under Alternative 2, GPR transferred to WEDC would be reduced, and WEDC's balance would be reduced by a corresponding amount (\$2.05 million). This would require WEDC to reduce the amount of funding available for awards and activities under its other economic development programs under its 2024-25 budget. As of writing, WEDC's Board has not finalized and approved the 2024-25 budget for its economic development programs. A different amount of GPR funding

could also be transferred via motion by the Committee.

## **ALTERNATIVES**

1. Approve WEDC's request to transfer \$7,500,000 GPR from the Committee's program supplemental appropriation under s. 20.865(4)(a) in 2023-24 to the WEDC appropriation under s. 20.192(1)(ar) in 2024-25 to fund technology and innovation hub grants.
2. Approve a transfer of \$5,450,000 GPR from the Committee's program supplemental appropriation under s. 20.865(4)(a) in 2023-24 to the WEDC appropriation under s. 20.192(1)(ar) in 2024-25 to fund technology and innovation hub grants.
3. Deny the request.

Prepared by: John Gentry