

Joint Committee on Finance  
2015-17 Biennial budget Informational Hearing – SB21/AB21  
Wednesday, March 4, 2015  
WEDC Testimony – Secretary and CEO Reed E. Hall presenting  
Room 412 East

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Thank you Representative Nygren, Senator Olsen and members of the Joint Finance Committee for the opportunity to appear before you today. My name is Reed Hall and I am the Secretary/CEO of the Wisconsin Economic Development Corporation. I am pleased to join Executive Director Winston to testify on the executive budget bill, specifically as it relates to the merger of our two organizations.

The proposed merger provides an opportunity for Wisconsin to establish a more responsive, coordinated, and accountable entity that has the ability to deliver a vast array of housing and economic development tools for businesses and communities throughout the state. However, it is imperative that we approach this merger in a very deliberative manner so as to ensure that our existing abilities to provide economic development and housing assistance are not diluted.

Creating efficiency and effectiveness in government is a daunting task, and requires a willingness to embrace change and innovative solutions. In fact, the creation of WEDC is one example of how streamlining services improved the state's ability to respond to economic development needs at the speed of business to help move our economy forward.

But, as we at WEDC know first-hand, it is critical that this process is done in a deliberative and thoughtful manner. We learned many lessons from the less-than six month transition of Commerce to WEDC, which we will be able to apply to this merger so as to avoid making the same mistakes. We also learned many lessons regarding establishing a new public-private corporation which can be applied to the Forward Wisconsin Development Authority.

We appreciate that the Governor included an extended time-frame to ensure a smooth and seamless transition to the new authority.

While we do not currently know exactly what the new entity will look like, we are confident that the transition team will work diligently to ensure that an effective and efficient structure is developed.



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As the Forward Wisconsin Development Authority, we foresee a mission driven nexus of our existing functions that also allows for a thorough evaluation of our collective programs, establishing a baseline for the new authority to be a more responsive, coordinated, and accountable economic development and housing structure for our citizens, businesses, communities and job creators.

The new authority will be able to deploy more resources throughout the state, better engage with our partner organizations and establish a “one-stop shop” approach, both in housing and economic development. Having immediate access to all of the financing tools of both organizations will enhance our ability to participate in more projects, improving the state's economic activity and job growth. We are also keenly aware of the importance of being responsible stewards of state resources, and we are committed to ensuring accountability and transparency of our activities.

WEDC is dedicated to enabling an environment in Wisconsin where companies and the communities in which they do business are able to achieve their full potential – both in terms of economic success and quality of life. We currently administer more than two dozen financial assistance programs to help companies relocate, start-up and grow their operations in Wisconsin. These programs include tax credits, loans and grants targeted at spurring business development and job growth across a wide range of industries and throughout the state.

The additional WEDC-related items in the budget will complement or further enhance our ability to deploy our resources throughout the state. We are currently completing a mid-year review of our Fiscal Year 15 budget in preparation for the development of the Fiscal Year 16 Budget and Operations Plan that will be presented for approval by our Board of Directors, and we are on pace to fully deploy all of the funds through our various programs.

WEDC's structure allows us to be adaptable so that we can respond quickly to changing economic conditions and add or revise new programs to meet market demands, and our block grant funding will help ensure that the allocated funds are deployed to our most effective and high-needs programs. From raising capital for innovation to financing workforce training and expanding global markets, WEDC understands business and delivers customized solutions to help companies succeed in Wisconsin.

Our areas of emphasis include:

- Encouraging startups and investment capital
- Nourishing existing Wisconsin companies
- Recruiting existing businesses from neighboring states to grow in Wisconsin

- Looking outside the country – specifically Canada, Mexico, Europe and Pacific Rim – for export and foreign investment opportunities
- Marketing Wisconsin's Business Climate
- Supporting local communities, and
- Building strong partnerships across Wisconsin

One of those key partnerships has been our strong relationship with the Wisconsin Housing and Economic Development Authority. A couple examples of our joint efforts include:

- In 2012, Winsert, Inc., a Marinette-based steel manufacturer specializing in alloy steel castings, began a significant plant expansion, which is expected to add 92 jobs over three years, and retain 152 existing employees. WEDC provided \$880,000 in economic development tax credits and WHEDA awarded \$19 million in New Market Tax Credit financing to Winsert.
- Through an \$8 million subgrant from WHEDA, SSBCI augments WEDC's Technology Development Fund. To date WEDC has assisted 10 early stage businesses totaling slightly more than \$5 million in loans. These loans have leveraged approximately \$40 million in private investment for these early stage businesses.

Through the proposed consolidation, our two agencies will have numerous opportunities to create better synergies in our efforts to grow the state's economy, add family supporting jobs, and provide affordable housing for Wisconsin's families.

Once again, thank you for the opportunity to testify today. We look forward to working together as this process moves forward and generating greater coordination on economic development activities throughout the state.

At this time, we would be pleased to answer any questions you or any member of the committee may have on our proposed budget or merger.

Reed E. Hall  
Secretary/CEO

