



February 7, 2018

Members of the Senate Committee on Economic Development, Commerce, and Local Government,

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Thank you for taking the time today to discuss Senate Bill 769, the Rural Economic Development Fund. As you are aware, this bill was highlighted in Governor Walker's State of the State address. We look forward to the opportunity to collaborate with local and regional partners as well as other state agencies to develop innovative solutions that expand the economic opportunities for those living in our rural communities.

The Wisconsin Economic Development Corporation's (WEDC) mission is to advance and maximize opportunities in Wisconsin for business, communities, and people to thrive in a globally competitive environment. WEDC strives to ensure that all of Wisconsin is a great place to work and live, and the legislation before us today creates an opportunity to provide targeted investments to support rural communities and businesses. This bill would appropriate \$50 million annually for 20 years and would be administered by WEDC to assist economic development in rural counties through existing programs, and through new programs approved by the legislature. As the Governor indicated, these funds would primarily be used to encourage private investment, improve productivity, and to fill open jobs in rural communities.

Rural areas represent an important segment of Wisconsin's economy. Fifty-six of the state's 72 counties have a population density of fewer than 155 residents per square mile which is a requirement of the bill. Industries in these areas provide significant local value not just by the jobs they provide, but the downstream impacts to other businesses in the area and community investments. The rural nature of these counties, however, present unique opportunities and challenges that must be addressed with different strategies than those employed in urban areas.

Over the past two years, WEDC has held several issue summits with our strategic partners who include thought leaders from economic development organizations, industry consortia, academia and trade associations. From the beginning, improving the economic vitality of rural Wisconsin for people, businesses and communities were one of the five key focus areas of discussion.

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This bill will allow WEDC to expand our investments in the primary areas of need identified during those meetings – including access to capital; entrepreneurship; community development; and building capacity of rural economic development networks. These funds would be used to augment WEDC's existing programs, many of which are oversubscribed, and allow the creation of new programming, with legislative approval, to meet the needs of our rural communities. In addition, WEDC would work with other agencies to identify economic development opportunities in other key focus areas identified for rural communities related to infrastructure, talent development, and housing.

SB 769 leverages the flexibility of WEDC's block grant funding to develop innovative programs to meet the demands of our rural communities. Working with a coalition of stakeholders, this bill will allow the state to respond quickly to meet the needs of our rural constituents.

For example, the additional funding provided through this bill will allow WEDC to increase our reach through our Community Development Investment Grant program. CDIs are one of many ways WEDC serves rural community redevelopment efforts by providing financial incentives for shovel-ready projects with an emphasis on downtown community-driven efforts. Many rural communities rely heavily on tourism as their economic engine, and CDI grants allow these small towns to create vibrant, attractive downtowns. This long-term, broad-based investment in Wisconsin's rural counties will strengthen the economic vitality of the communities, foster innovation and help grow Wisconsin's rural workforce.

Another WEDC program that would be amplified is the Capacity Building Grant Program. WEDC currently provides funding to regional economic development or entrepreneurial-focused organizations to develop and deploy innovative strategies to address the needs of their area. Recent examples are the development of the Wisconsin Supply Chain Marketplace, a northwest Wisconsin flood disaster resiliency study, as well as grants to provide mentoring and coaching to aspiring entrepreneurs in rural areas.

As indicated earlier, WEDC intends to work closely with our strategic partners at the state, regional and county level to implement these strategies. Coupled with WEDC's talent attraction and retention initiative, SB 769 will magnify Wisconsin's potential to attract and retain our rural workforce and address talent gaps. This includes leveraging the Think-Make-Happen platform to provide resources that communities and businesses can use to address rural workforce talent attraction and retention.

Once again, thank you for the opportunity to testify today on the Rural Economic Development Fund. I would be happy to answer any questions the committee may have.