



State of Wisconsin
Department of Financial Institutions

Scott Walker, **Governor**

Jay Risch, **Secretary**

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Guest Column by Department of Financial Institutions Secretary Jay Risch 7/17/18

As Secretary of the state agency which oversees Wisconsin's state-chartered banks and credit unions, securities industry, and corporate business filing system, I am in the unique position of being able to gauge various measures of Wisconsin's economic health. Before I get into the details, here's the spoiler alert – under Governor Scott Walker's leadership, Wisconsin's economy is historically strong and our entrepreneurial climate is excellent.

While other departments tally actual job creation, the Department of Financial Institutions (DFI) tracks the formation of corporations and limited liability companies (LLCs). The number of new business entities formed in Wisconsin in the first five months of 2018 grew by 7.5 percent compared to the same period in 2017. Entrepreneurs seeking investors file reports with DFI's Division of Securities, which gives us additional insight into Wisconsin's economic activity. We regularly see offerings seeking to raise funds for things like exciting new medical technologies and real estate development. Also, Wisconsin was one of the first states to adopt a legal framework for equity crowdfunding. Crowdfunding is a way to raise capital for a business by accepting investments of small dollar amounts from a larger number of people, typically via the internet. Microbreweries have been the most enthusiastic users of crowdfunding thus far. The fact that Wisconsin is fertile ground for entrepreneurs has been confirmed by others, too. According to the Wisconsin Technology Council, early-stage companies in Wisconsin raised a record \$276 million in 2016 and \$231 million in 2017, the second-highest total ever.

While angel investors, venture capitalists and crowdfunding campaigns get a lot of buzz, traditional "main street" Wisconsin financial institutions remain the backbone of small business and commercial lending. Wisconsin's state-chartered financial institutions are consistently posting double-digit gains in lending growth, another indication of a robust economy. Wisconsin's community banks' capital ratios and credit unions' net worth are averaging more than 11 percent, which are signs of financial stability and the ability to absorb potential losses. Past-due loan ratios are also way down, showing that borrowers are able to comfortably meet their loan repayment obligations. It's no wonder, then, that the U.S. Bureau of Labor Statistics reports the number of private establishments operating in Wisconsin reached a new record high in the fourth quarter of 2017.

-1/2-

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If that weren't enough, now throw in the statewide benefits Wisconsinites will enjoy from the Foxconn project, the largest corporate attraction project in U.S. history as measured by jobs. In addition to all the cutting edge technology which will be produced at the Wisconsin Valley Science & Technology Park, Foxconn Innovation Centers will house incubators, accelerator labs, venture capital activities, and startup initiatives, according to the company.

When you add all of the above to our rising wages, lowest-ever unemployment rate, budget surpluses, tax cuts, record K-12 education funding, more investment in broadband, and the best-funded pension system in America, it is crystal clear that Wisconsin's economy is absolutely going in the right direction.

Risch is Secretary of the Wisconsin Department of Financial Institutions

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