WVCA: Supports the creation of $100M state fund of funds

Posted on Friday, Jun 4, 2021

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(MADISON, Wis.) – The Wisconsin Venture Capital Association urges lawmakers to include Gov. Tony Evers' proposed $100 million venture fund of funds in the 2021-23 state budget.

The WVCA notes that while Wisconsin is building what is amounting to be a vibrant startup ecosystem, it still lags other Midwest states, including Illinois, Michigan and Minnesota, in providing the necessary capital that young companies with high-growth potential need.

"Capital is a differentiator," WVCA President Greg Robinson said. "Emerging companies that are under-funded typically yield below-average outcomes. We need capital in our state to help get our businesses on equal footing with our more established neighbors."

The WVCA expects that the $100 million fund, which would be a one-time state investment, will attract outside investors who will bring even more funding to emerging companies inside Wisconsin's borders. The WVCA also supports a requirement that a percentage of the funds be invested in minority-owned or women-owned companies or companies located in underserved areas.

The WVCA noted that Wisconsin companies often do well in raising "seed capital," or money in the earliest rounds, but they experience trouble finding capital in later rounds due to Wisconsin's shortage of total venture capital assets under management. The state has close to 2% of the U.S. population but only one-third of 1% of venture capital under management.

"The fund of funds proposal would lead to increased funding for local companies by local venture firms as well as help bring more outside funding from firms looking to increasingly invest in Wisconsin companies," Robinson said.

About the WVCA

The Wisconsin Venture Capital Association is a non-profit trade organization designed to encourage investor participation and collaboration in Wisconsin's entrepreneurial ecosystem. The WVCA welcomes private and corporate venture capital funds, angel investors, institutional investors, university and economic development participants and service providers as members. Learn more at https://wisconsinvca.org/.