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☛ Details: Audit Report 06-9, State Economic Development Programs

(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2005-06

(session year)

### Joint

(Assembly, Senate or Joint)

### Committee on Audit...

### COMMITTEE NOTICES ...

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- Appointments ... **Appt** (w/Record of Comm. Proceedings)
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- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**



## **Wisconsin Economic Development Association Inc.**

### **AUGUST 29, 2006 JOINT LEGISLATIVE AUDIT COMMITTEE**

**James Otterstein, Andy Lisak and Peter Thillman**

Co-Chairs, Sen. Roessler and Rep. Jeskewitz, members of the Joint Legislative Audit Committee, thank you for giving us this opportunity to address the Committee. The Wisconsin Economic Development Association (WEDA), established in 1975, is Wisconsin's premier Economic Development organization. WEDA represents 400 economic development professionals committed to making Wisconsin the recognized leader in economic development, through advocacy and the implementation of economic development programming. From its inception to the current day, WEDA continues to extend its outreach and relationships with the Legislature, the Administration and other interested partners.

Our remarks today are from two perspectives: as official representatives of WEDA – President, President-Elect and Immediate Past President – and as individuals who work daily in the economic development profession.

WEDA commends the Committee and the Legislative Audit Bureau (LAB) for its work. Examining the State's vast array of economic development programs was no easy task. The report and its recommendations certainly did not contain any real surprises, but the report does provide a road map to begin discussing process of streamlining Wisconsin's economic development programs. As an organization, WEDA is prepared to devote its effort and expertise towards developing workable solutions to the current economic development situation.

Since the public release of the LAB report, WEDA has reviewed and discussed the document. In addition to this review, the organization has also solicited responses from the entire membership concerning the report, as it relates to specific economic development programming. This work transpired during the two-weeks following the release of the report and WEDA recognizes that there is much more work yet to be done. Today's response is merely the first step in what is expected to be an arduous process.

To that extent, we offer the following remarks, which are categorized into the five related areas: Leadership, Metrics / Accountability, Consolidation, Flexibility, Simplicity and Process.

## **LEADERSHIP**

As noted within the report, there are eight agencies responsible for the administration of 152 economic development programs. The current fragmented system ensures that there are effectively eight leaders, eight methods of communication and eight different reporting requirements. Additionally the \$152.8 million in program expenditures is inflated by the fact that eight separate agencies perform relatively the same or similar administrative and program delivery functions. Thus, a large portion of program dollars (almost one-third according to the LAB report) is spent on administration rather than capital deployment and actual economic development programming.

Identifying the appropriate leadership structure or mechanism will be a difficult task, but it is a task that must be completed. Although WEDA does not have an immediate answer for this question, it does concur with the LAB findings that a lead or single contact point would be the preferred outcome. Based upon the recent WEDA survey results, as well as those provided by the LAB, the Wisconsin Department of Commerce is currently the logical leadership choice. Notwithstanding, the leadership entity's success hinges upon many variables; therefore, it's absolutely critical that this leadership entity maintain full control and accountability - both on the budget and on the disbursement sides, as well.

However, we must not confuse leadership with centralization. As with any effective leader, the state's leader for economic development must be open to delegating and empowering the various partners in economic development. Often times, decentralizing the decision-making process, encouraging local and regional economic development entities to develop and implement strategies for distributing financial and technical assistance, can lead to increased effectiveness and efficiency.

A recent example of this is found in the Northwest Wisconsin Regional Economic Development Fund (NWREDF). The Department of Commerce with the Northwest Regional Planning Commission and 7 northern counties formed the Fund to consolidate local revolving loan funds - loan funds that were initiated by Commerce's CDBG-Small Cities program- into a single, substantial fund controlled by a board and administrative committee comprised of local economic development professionals from the region. I serve as chair of the Administrative Committee. In the first 4 months of operation the NWREDF has awarded 13 loans totaling \$1,275,000 to businesses in 11 communities, from Mercer in Iron County to Grantsburg in Burnett County.

The regional economies of Wisconsin are diverse. The economy of Superior-Douglas County is very different than that of Madison and Dane County. Encouraging regional entities such as NWREDF allows for the ability to take into consideration the unique and complex factors and conditions present in regional and local economies. By continuing to encourage the development of regional strategies, Commerce can help economic development practitioners on the frontlines more effectively catalyze economic growth and vitality that will benefit all of Wisconsin.

## METRICS /ACCOUNTABILITY

Determining the proper balance between the public and private sector involvement in any type of economic development project requires careful thought. Each project has its own unique challenges and because of these unique circumstances, we need to develop consistent metrics. It's one thing to merely report, while it's vastly different to issue an evaluative report. Regardless of whether it's a quantitative and qualitative approach, the key questions remains constant: What are Wisconsin's metrics to measure its economic development successes?

The report, as well as the WEDA survey, demonstrates that consistent economic development definitions do not exist per se. For most, it's some variation of jobs, tax base or investment, while others emphasize such things as wealth or intangible quality of life indicators. To practitioners, this is not a revelation. Instead, it's a reflection of the practice where economic development projects are as eclectic and varied as the definition itself. Clearly, these reasons point to the necessity of establishing broad policy goals and objectives to accurately determine the state's investment on its overall economic development programming.

Within the context of establishing statewide standards, there should also be built-in flexibility considerations to accommodate existing or emerging local and/or regional standards or trends. In today's economy, not all regions of Wisconsin are equal. Thus, if a one-size-fits-all approach is developed, we will create winners and losers between the state's regions, and that is not an acceptable result. Local or regional factors weigh heavily into many business development decisions. Therefore, the economic development metrics must also incorporate local and regional factors.

Today's companies are becoming leaner, increasing efficiencies and productivities through technology applications and increased worker productivity. Companies are doing more with less – including fewer workers. That's precisely why it is counter-productive to create programs that are reliant or heavily weighted towards the "new" job creation metric: it's simply not consistent with contemporary business models. This point, in particular, surfaced as a leading response cited by practitioners as one of the main frustrations experienced when working with state economic development programs: too much emphasis on job creation. Although not nearly as glamorous as new attraction projects, existing business development projects certainly provides immediate returns within local communities. Thus, WEDA strongly recommends that job retention be a major focus in the state's overall economic development goals and objectives

In terms of accountability, it's difficult to imagine an economic development project that was not subject to certain standards. For example, an overwhelming majority of WEDA survey respondents stated that they were required to meet certain criteria and to report said performance as a condition of assistance. These types of responses indicate that accountability measurements do exist. Obviously, though, with 152 programs it's reasonable to conclude that tracking and reporting may be problematic.

In addition to aligning state and local economic development policies, through a system of standardized measurements, it's also prudent to consider how technology can assist this topic, too. Considering thinning staff levels, coupled with real time reporting demands, the utilization of technology – at both the local and state levels – should add yet another feature into the overall accountability aspect.

For example, the local economic development community often performs annual or semi-annual visits with its local employers. The information collected from these visits could easily be uploaded into a database that could be shared among state agencies. Additionally, this data-sharing feature would decrease reporting lags and improve communication among relevant parties. Appropriate security measurements could be added to ensure that only select individuals are provided access. Further access could also be afforded to the companies themselves.

Rather than merely relying upon paper compliance reports, designated company representatives could verify information electronically too—similar to what occurs with the state's Worker's Comp and/or Unemployment Insurance systems. Although this is a very simplistic example, one can immediately see how technology utilization could generate analyses, evaluations and/or results within a real time environment without adding excessive administrative costs.

### **CONSOLIDATION**

The report clearly illustrates that there are simply too many economic development programs. Overlapping programs, blurred distinctions, and gray boundaries are the net result of flavor-of-the-day program development. Technology, entrepreneurial activity, small business specific, targeted ownership, and/or industry specific, etc., are some examples of the niche programs that currently exist among Wisconsin's economic development programs. Consequently, economic development practitioners are constantly forced to play the "matching game" to see which square pegs fit into which round holes.

This "matching" exercise is inefficient, problematic and costly. A specialized program, available only under certain circumstances, likely results in program underutilization and heavy administrative expenses. Niche programs require "specialized" administration functions because the program is not aligned or measured in the same manner as any other program. Hence, more programs ultimately result in more staff, not necessarily in better economic development programming.

In the context of today's increasingly tight budgets, we must question the value of having dedicated staff for programs that are traditionally either unused or under subscribed. Quite honestly, assigning staff time to administer a \$50,000 program is simply not tax payer cost effective. Granted, certain programs require specific skill sets. Nonetheless, underwriting exercises are the same across the board, yet each of the eight agencies likely employs its own underwriters. Once standard metrics are established, this underwriting function could be consolidated into one agency. Currently, the 152 separate economic

development programs create 152 different underwriting criteria. If we standardize the metrics and streamline the process, we will automatically create administrative cost savings.

Program consolidation not only will increase overall program utilization, but also consolidation will lead to greater economic development accountability. Moreover, consolidation will simplify economic development programs. At times, even experienced practitioners are unable to determine the benefits between Program A or Program B. When an overwhelming majority of WEDA respondents (i.e. 90%) indicate that they could not use state economic development programs to facilitate a project, clearly program proliferation does not equate to functionality or utilization.

In terms of specific recommendations, WEDA proposes to consolidate the state's economic development program dollars into four broad categories and develop strategic goals and metrics for each category. Programs should be consolidated in the following areas: Tax Credits, GPR Funds, Segregated Funds and Federal Funds. Given the scope and complexity of the project, WEDA recommends that the consolidation of the tax credit programs be the first "pilot" consolidation.

Wisconsin's Tax Credit programs have become one of the prime funding sources (albeit clearly underutilized) when an incentive package is put together. Although each program contains subtle differences, they basically operate the same way. Consolidating the tax credits into one large statewide pool, re-examining creditable activities, and approving end-use flexibility (i.e. portability) will contribute positively towards Wisconsin's economy. Fiscal notes aside, the report has demonstrated that tax credits are budgeted yet woefully underutilized. Additionally, tracking the tax credits was highlighted as an area with lax accountability. WEDA believes that most, if not all, of the tax credit program shortcomings identified in the audit can be "fixed" through consolidation.

Practitioners and end users alike will no longer have to distinguish between the various types of zones because statewide policy outcomes will be covered by a single consolidated program. In the end, this creates a level playing field between urban and rural locations, thereby allowing specific market forces versus artificial geographic boundaries to act accordingly, which is the ultimate objective.

The removal of geographic barriers and the re-examination of creditable activities will allow the tax credit programs to have actual economic development value. For example, human capital development (i.e. workforce training) and capital investment are two critical needs that must be addressed for Wisconsin to remain competitive. Although not specifically addressed within the report, workforce development assistance is an extremely critical economic development programming need. Currently, Wisconsin does offer some limited workforce training assistance in programs administered by the Department of Commerce and the Department of Workforce Development. However, these programs are further examples of "niche" programs with outdated requirements and limited applicability. Expanding creditable activities to include on-the-job and/or

incumbent worker training, regardless of industry type or size, will most certainly increase the appeal and utilization of Wisconsin's tax credit program.

To date, workforce training is not eligible, while capital investments are addressed in two of the existing zone programs (i.e. Tech and Development Opportunity Zones). By excluding or limiting the impact of these private sector investments, Wisconsin's tax credit programs offer limited impact on the growth of our economy. These points were frequently cited by WEDA members as reasons why they were unable to utilize state economic development programs.

Additionally, devising a method for tax credit portability - such as refundability, secondary market sale, or pass-through provisions - will increase Wisconsin's income tax credit value and utilization. For example, technology or start-up companies need the most financial assistance on the front end; after all, they are cash-starved. Providing portability to assist these companies will contribute towards their financial health and profitability, thereby positioning these companies for sustainability and future growth. Allocating credits towards companies that cannot reasonably earn their established credit amount provides a disservice to both the private and public sectors.

In general, program consolidation will reduce the need for separate applications and separate annual reporting requirements. Easier reporting and project management will create efficiencies and response time when working through the economic development application process. Despite certain streamlining initiatives over the years, the entire application process remains cumbersome and time consuming. Time sensitive projects do not have the luxury of waiting up to six weeks or longer for a funding decision, let alone a formal announcement. First impressions count, and the lack of responsiveness will negatively impact a project's outcome.

Empowering program staff, mainly the Area Development Managers (ADMs) with formal approval authority (within agency thresholds), could greatly enhance the state's overall image within the business development community. Instead, ADMs are considered mere agency messengers and project shepherds. This situation is extremely problematic when working on attraction projects where Wisconsin has the unenviable reputation as a non-player. For instance, the state is known for its inability to respond to inquiries in a timely fashion, as well as being timid and unrealistic in offering business attraction incentives. Case in point, offering tax credits as an incentive to a prospective business with limited corporate tax liability sends a mixed message. Common themes that once again surfaced from WEDA's membership survey regarding frustrations expressed by practitioners concerning state economic development programs.

## **CONCLUSION**

Although the entire economic development arena is complex, Wisconsin's economic development programming should not be. Establishing clear leadership authority will enable Wisconsin to establish and revisit policy goals in real time to meet current marketplace conditions. Leadership will create continuity and consistency that will ultimately lead to simplicity. As noted within the report, regardless of how or what this

entity becomes, it will need the “carrot and stick” powers. The designated agency must have the ability to control the state’s overall economic development budget and to ensure compliance on the statewide goals from the other agencies.

Standardized metrics, coupled with local flexibility, will encourage nimble responses to economic development opportunities. Long-term perspectives should be considered, rather than merely relying upon the quick return. This standardization will increase communication, simplify reporting, and guide project evaluation. Enhanced by technology, real time data can provide answers or pose questions virtually on-demand.

Program consolidation has the ability to generate several tangible results, namely fewer overhead expenses and more program dollars. Since state agencies are already doing more with less and dollars are scarce, the merits of program consolidation could be immediately realized. Single or combined underwriting and reporting functions will significantly expedite not only application processing, but also enhance trend identification.

Program consolidation will put simplicity back into Wisconsin’s economic development system. The mix-and-match program game that currently causes confusion will be replaced. The sources and uses of funds will be easily understood and tracked accordingly through a seamless, integrated system.

Simplicity leads to efficiency which leads to time and cost savings. Removing targeted or specialized program criteria will allow underwriters to quickly determine eligibility. Application to decision time tables will be compressed. Time is always an issue. By encouraging simplicity overall, the decision-making process can be sped up. Furthermore, delegating “desk approval” responsibilities to appropriate staff will also convey a positive message within both the agency and also to the general business community.

WEDA sincerely appreciates the opportunity to share our remarks with this Committee. Although the report is a product of a two-year effort, we don’t believe that the state’s economic development climate can wait another two years to implement meaningful change. WEDA stands ready to roll up its sleeves to work with the Legislature and the Administration to address the report’s recommendations.

From 1975 to today, WEDA has been the leading voice for economic development throughout Wisconsin. As an organization that represents both public and private sector economic development interests, we relish this opportunity to move Wisconsin’s economic development climate forward. Thank you.



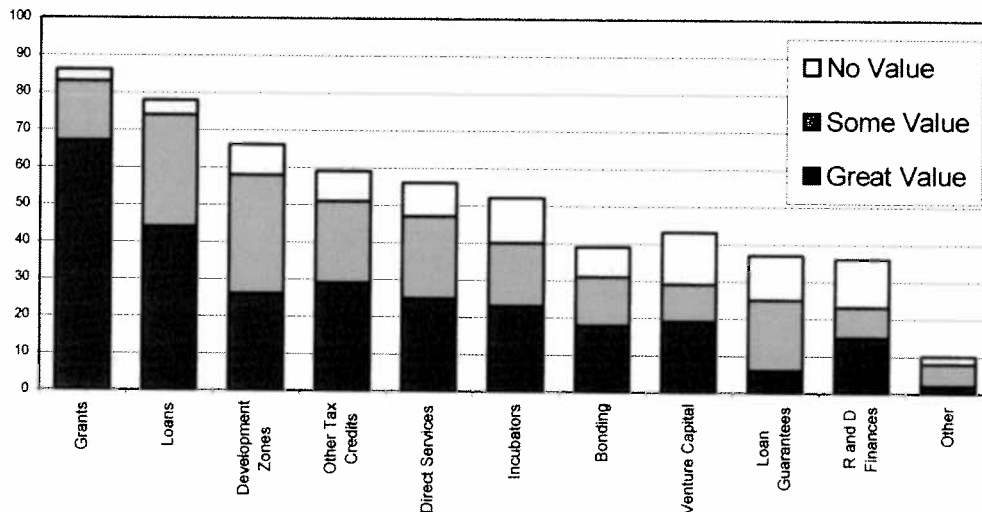


## WEDA 2006 Survey Summary - Member Use of State ED Programs -

The Wisconsin Economic Development Institute (WEDI) in partnership with WEDA conducted a survey of Wisconsin Economic Development Association (WEDA) members in August of 2006. The study was done to obtain information in order to prepare a response to the recently released Legislative Audit Bureau Report, *State Economic Development Programs*, investigating their usefulness. Membership response was 30%. The survey asked about WEDA member use of state economic development programs and their successfulness in local ED efforts. This report summarizes the survey. The full survey results are posted on the WEDA website.

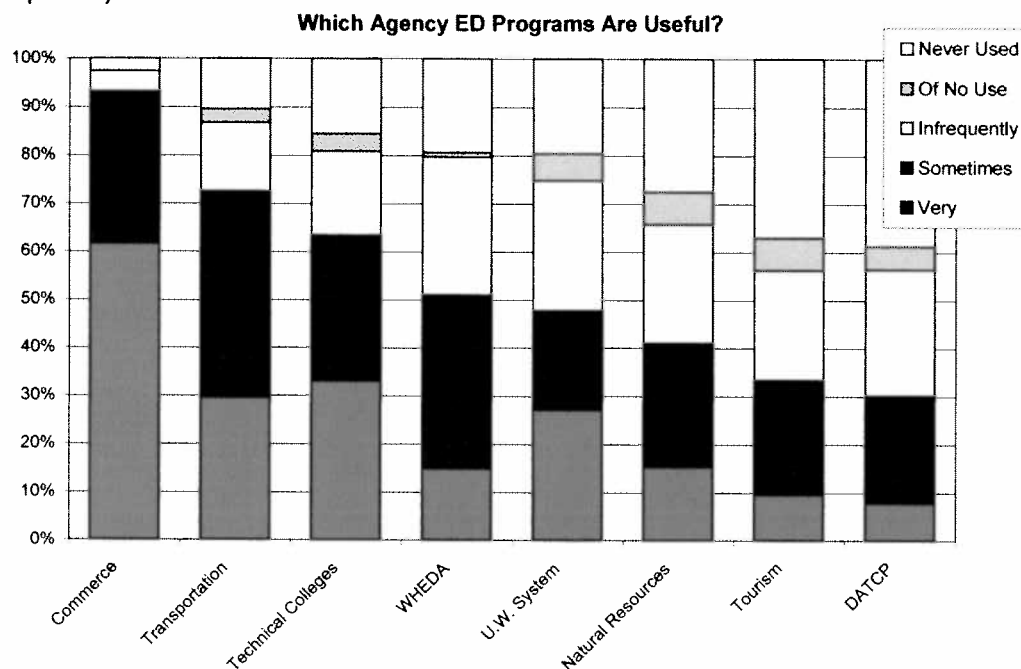
- WEDA economic development practitioners learn about state ED programs from a wide variety of sources, including other WEDA members: Area Development Managers (63%), web pages (48%), WEDA members (46%), word-of-mouth (42%) and Agency Program Staff (41%).
- Over 83 percent of WEDA economic development practitioners have used a state ED program within the last two years.
- Most of the time they have used Grants (79%) and Loans (57%), followed by Development Zones (45%) and other Tax Credits (36%). Direct Services (31%) and Incubators (27%) follow closely in order of utilization frequency.

**Value of Different Types of ED Programs**



- Almost 60% of the respondents said that they had a success story using a state ED program.

● Department of Commerce, Department of Transportation and Technical College Programs were cited as having been the most useful (includes, 'very useful' and 'sometimes useful') to their economic development efforts. DATCP and Tourism Programs were most listed as having never been used by the respondents. For all Agencies, the category "of no use" was very infrequently checked.



● The majority of participants (90%) have encountered projects that could not use state ED programs. This total includes projects 'Sometimes' (59%) not eligible and 'Usually' (31%) not eligible.

The reasons cited for lack of applicability in order of responses were:

- Lack of a broad vision for ED – no programs for small projects/small business, nothing for capital investment, worker training, no programs for service/commercial/retail, and tax credits do not have an immediate value.
- Inflexible criteria – especially job criteria is outmoded and inflexible in view of needs cited above, and the \$ wage limits for DZ's are unrealistic, statewide.
- The number of programs needs to be consolidated and coordinated – they are fractionalized and under funded, current operations are too slow, and field staff has no authority for preliminary approval.

● 90% of those reporting stated that they had to meet ED criteria in order to participate in state ED programs and that getting assistance required performance reporting (88%).

● In order, the local ED criteria most frequently listed as being used to measure success were: jobs created/retained, investment, investment leveraged, tax base growth, number of businesses assisted and number of building permits – all being used more than 60% of the time.

● Local definitions of economic development, which were used, were many variations of the standards: jobs, income and quality of life. One of the best listed was: "Economic development is the process of encouraging wealth creation through employment and tax base expansion that supports and enhances the quality of life within our community."



**Wisconsin Economic Development Association  
- Member Survey -**

**“State ED Program Use”**

**Results Summary**

Form: LAB Response

Launch Date: N/A

Expiration Date: With package

Total Respondents: 120

Visible Responses: 120

1. In general, how do you find out about state Economic Development programs? (Check all that apply)			
		Percentage	Total
Area Development Managers	<input type="checkbox"/>	63.333%	76
Program Agency Staff	<input type="checkbox"/>	40.833%	49
Web Pages	<input type="checkbox"/>	48.333%	58
Word of Mouth/Recommendation	<input type="checkbox"/>	41.667%	50
WEDA Member	<input type="checkbox"/>	45.833%	55
Other ED Practitioner	<input type="checkbox"/>	35%	42
Other	<input type="checkbox"/>	17.5%	21
Total Respondents			120
Skipped this question			0

2. Within the last two years, have you used a state economic development program to facilitate a project in your service territory?			
		Percentage	Total
Yes	<input type="checkbox"/>	83.333%	100
No	<input type="checkbox"/>	16.667%	20
Total Respondents			120
Skipped this question			0

3. If yes, please indicate which types of programs you used. (please check all that apply)			
		Percentage	Total
Loans	<input type="checkbox"/>	57.426%	58
Grants	<input type="checkbox"/>	79.208%	80
Direct Services	<input type="checkbox"/>	30.693%	31
Development Zones	<input type="checkbox"/>	44.554%	45
Other Tax Credits	<input type="checkbox"/>	35.644%	36
Bonding	<input type="checkbox"/>	20.792%	21
Loan Guarantees	<input type="checkbox"/>	8.911%	9
R and D Finance	<input type="checkbox"/>	9.901%	10
Venture Capital	<input type="checkbox"/>	15.842%	16
Incubators	<input type="checkbox"/>	26.733%	27
Other	<input type="checkbox"/>	6.931%	7
Total Respondents			101
Skipped this question			19



**Wisconsin Economic Development Association  
- Member Survey -**

**“State ED Program Use”**

<b>4 3. In your opinion, what impact did the programs have on the development project?</b>				
<i>Percentage indicates total respondent ratio and parenthesis indicate actual number</i>	No Value	Some Value	Great Value	Total
Loans	5.13% (4)	38.46% (30)	56.41% (44)	78
Grants	3.49% (3)	18.6% (16)	77.91% (67)	86
Direct Services	16.07% (9)	39.29% (22)	44.64% (25)	56
Development Zones	12.12% (8)	48.48% (32)	39.39% (26)	66
Other Tax Credits	13.56% (8)	37.29% (22)	49.15% (29)	59
Bonding	20.51% (8)	33.33% (13)	46.15% (18)	39
Loan Guarantees	32.43% (12)	51.35% (19)	16.22% (6)	37
R and D Finances	36.11% (13)	22.22% (8)	41.67% (15)	36
Venture Capital	32.56% (14)	23.26% (10)	44.19% (19)	43
Incubators	23.08% (12)	32.69% (17)	44.23% (23)	52
Other	20% (2)	60% (6)	20% (2)	10

<b>5 Do you have a success story from using a state ED program?</b>			
		Percentage	Total
Yes		59.223%	61
No		40.777%	42
Total Respondents			103
Skipped this question			17

**6 - If yes, please provide brief highlights, indicate program name and project description, etc.**  
 There were 59 responses to this question.

<b>7 - Can WEDA use your name and story as a testimonial?</b>			
		Percentage	Total
Yes		60.714%	51
No		39.286%	33
Total Respondents			84
Skipped this question			36



**Wisconsin Economic Development Association  
- Member Survey -**

**“State ED Program Use”**

<b>8 5. Which agency's program(s) do you find are the most useful to your local ED efforts?</b>						
<i>Percentage indicates total respondent ratio and parenthesis indicate actual number</i>	Very Useful	Sometimes	Infrequently	Of No Use	Never Used	Total
Dept of Commerce	61.54% (72)	31.62% (37)	4.27% (5)	0% (0)	2.56% (3)	117
DATCP (Agriculture)	7.77% (8)	22.33% (23)	26.21% (27)	4.85% (5)	38.83% (40)	103
Dept. of Natural Resources	15.24% (16)	25.71% (27)	24.76% (26)	6.67% (7)	27.62% (29)	105
Dept. of Tourism	9.52% (10)	23.81% (25)	22.86% (24)	6.67% (7)	37.14% (39)	105
Dept. of Transportation	29.52% (31)	42.86% (45)	14.29% (15)	2.86% (3)	10.48% (11)	105
U.W. System	27.1% (29)	20.56% (22)	27.1% (29)	5.61% (6)	19.63% (21)	107
Technical Colleges	33.03% (36)	30.28% (33)	17.43% (19)	3.67% (4)	15.6% (17)	109
WHEDA	14.81% (16)	36.11% (39)	28.7% (31)	0.93% (1)	19.44% (21)	108

<b>9 6. How frequently do you encounter projects that cannot be assisted by the state's economic development programs?</b>			
		Percentage	Total
Never		7.627%	9
Sometimes		59.322%	70
Usually		30.508%	36
Always		2.542%	3
Total Respondents			118
Skipped this question			2

**10 - If you do, please briefly describe the issue.**  
 There were 60 responses to this question.

<b>11 7. To obtain assistance from the state, were you required to demonstrate and/or meet certain requirements?</b>			
		Percentage	Total
Yes		89.72%	96
No		10.28%	11
Total Respondents			107
Skipped this question			13



**Wisconsin Economic Development Association  
- Member Survey -**

**“State ED Program Use”**

<b>12</b>	<b>What were the requirements?</b>
There were 82 responses to this question.	

<b>13</b>	<b>8. Were you or the funded organization/company required to report project results back to the funding agency?</b>		
		<b>Percentage</b>	<b>Total</b>
	Yes	88.35%	91
	No	11.65%	12
		<b>Total Respondents</b>	<b>103</b>
		<b>Skipped this question</b>	<b>17</b>

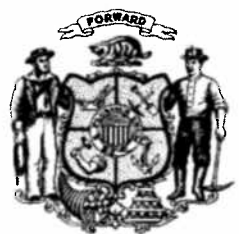
<b>14</b>	<b>9. Do you use locally generated ED criteria to evaluate your ED projects?</b>		
<i>Percentage indicates total respondent ratio and parenthesis indicate actual number</i>	<b>Yes</b>	<b>No</b>	<b>Total</b>
<b>Jobs Created or Retained</b>	93.27% (97)	6.73% (7)	104
<b>Investment</b>	89.32% (92)	10.68% (11)	103
<b>Investment Leveraged</b>	79.38% (77)	20.62% (20)	97
<b>Tax Base Growth</b>	80% (80)	20% (20)	100
<b>Number of Businesses Assisted</b>	76.84% (73)	23.16% (22)	95
<b>Number of Building Permits</b>	34.18% (27)	65.82% (52)	79
<b>Land or Buildings Sold</b>	57.14% (48)	42.86% (36)	84
<b>Achieved Strategic Planning Goals</b>	71.76% (61)	28.24% (24)	85
<b>Other</b>	52.27% (23)	47.73% (21)	44

<b>15</b>	<b>Please list the other criteria you use.</b>
There were 33 responses to this question.	

<b>16</b>	<b>10. What is the local definition of ED, which you use for evaluation?</b>
There were 74 responses to this question.	



# WISCONSIN STATE LEGISLATURE



**Testimony**  
**Joint Legislative Audit Committee**  
**UW System President Kevin P. Reilly**  
**August 29, 2006**

Thank you, Senator Roessler. Good morning. I want to thank the Committee Co-Chairs, Senator Roessler and Representative Jeskewitz, and all of the members of the Joint Legislative Audit committee, for the opportunity to speak to you this morning about the Legislative Audit Bureau report and the University of Wisconsin System's role in promoting the economic development of Wisconsin.

As you know, the UW System is a major economic engine for Wisconsin. The UW System is a resource for innovation, brain power, new technologies, and economic leadership. I would like to first discuss the findings and recommendations in the Legislative Audit Bureau report, and then discuss the broader role the UW System plays in assuring the state's economic vitality.

The Legislative Audit Bureau report focused specifically on economic development programs funded with state appropriations that provide financial assistance, tax credits, or direct services to individuals, businesses, local governments, or organizations. The report identified 21 economic development programs administered by the UW System that met this definition. The report found that these programs provide a wide range of services to Wisconsin businesses and individuals. For example, each of the UW System's four-year institutions has a Small Business Development Center, which, through UW-Extension, provides counseling to prospective and existing small businesses, as well as training and guidance for entrepreneurs and assistance in preparing business plans.

Some institutions, such as UW-Madison, UW-Stout, and UW-Platteville, have established a business incubator program, which leases facilities to new businesses at reduced costs and provides technical services to assure their success. UW-Milwaukee's Small Business Development Center offers two outreach programs to serve Milwaukee's minority-owned businesses. UW-Madison and UW-Oshkosh each have a program designed to help Wisconsin's family-owned businesses. UW-Oshkosh's Wisconsin Family Business Forum has assisted approximately 400 entrepreneurs with issues unique to running a family business.

The review included several recommendations designed to improve the coordination of and accountability for economic development efforts statewide. We fully endorse each of the three recommendations that specifically relate to the UW System, and we've already begun to implement them.

First, the report recommends UW System designate an economic development liaison at each institution to coordinate with other state and local economic development efforts. We support efforts to improve access to the programs and services our institutions offer to the citizens of Wisconsin. The review notes that some UW institutions, such as UW-Madison, UW-Oshkosh, and UW-Platteville, have already established a central point of contact to better



coordinate the services these institutions provide to individuals and businesses. Several of our campuses have also already established cooperative relationships with other agencies, including the state's technical colleges, to deliver training and economic development services.

For example, UW-Stevens Point has worked with Mid-State Technical College, and the Portage County Business Council to establish the Wisconsin Learning Center, a coordinated effort to provide training and educational programs for individuals, groups, and organizations. The West Central Wisconsin Regional Education Consortium blends the resources of the full spectrum of educational service providers to support workforce planning and economic development initiatives. For example, the consortium's successful "Synergy Project" promotes economic development in a nine-county region. Cooperating partners include UW-River Falls, UW-Stout, UW-Eau Claire, UW-Barron County, as well as area technical colleges, school districts, and economic development organizations. Similar consortiums exist in other parts of the state.

We agree that establishing an economic development liaison at each institution could further enhance coordination between other agencies, reduce duplication, and assure the efficient delivery of economic development programs and services. Many campuses already have central points of contact for business or economic development resources, and we will move quickly to confirm appointments at every institution.

Second, the report recommends that UW System publish a comprehensive directory of economic development and business assistance programs. As the review notes, UW-Madison's Office of Corporate Relations (OCR) prepared one such directory of UW business resources in October 2003. That directory listed services and contact information for each UW institution. OCR plans to release a new version of the business resource directory this October.

And, in response to the LAB review, UW-Extension is taking the lead in preparing a directory of all of our programs related to economic development. This new comprehensive directory will provide information about the economic development resources available through UW System. UW-Extension will build on the information already available and will make the information easily accessible on the internet.

Third, the UW System will report to the Joint Legislative Audit Committee on our progress toward implementing these recommendations by February 15, 2007. Our work has already begun, and we believe that these actions will further enhance and increase access to the economic development programs and services the University of Wisconsin provides.

### **Other UW Economic Development Programs**

The audit provides an overview of the various economic development programs offered statewide. However, as the review notes, the UW System's contributions to the economic development of Wisconsin far exceed the scope of the LAB report. The review tallied only those economic development programs and services that receive state and federal funding through the state appropriations process. Many efforts sponsored by UW institutions use other state, federal

or external funding, and also make substantial contributions to the economic development of the state. For example, the Wisconsin Alumni Research Foundation (WARF) is an independent, nonprofit foundation that, since 1925, has contributed nearly \$800 million to UW-Madison for scientific research. At the end of 2005, WARF managed approximately 1,600 patents developed for inventions created at UW-Madison, and it maintains 940 active commercial licensing agreements.

In addition, WARF assisted in starting up WiSys, a separate organization that now works to encourage, patent, and license innovations from the 25 UW campuses outside of Madison.

TechStar Early Ventures is an innovative program designed to help launch high technology companies using technologies developed out of the academic research conducted at educational institutions in southeastern Wisconsin, including UW-Milwaukee and UW-Parkside, among others. TechStar's goal is to stimulate entrepreneurship, facilitate corporate formation, fund new companies, and invigorate the economy.

The Small Business Development Center at UW-River Falls sponsors the Saint Croix Valley Angel Network, a non-profit network that links high net-worth "angel" investors with companies in the early stages of development. UW-La Crosse's Small Business Development Center manages a similar project, called the Origin Investment Group.

### **Academic Research and Teaching Programs**

In addition to the programs highlighted in the LAB review, the UW is home to a wealth of academic research and teaching programs that further economic development. Efforts to share technology and knowledge developed through the research and scholarship of UW faculty and staff provide Wisconsin with an incredibly rich resource for developing new businesses, increasing the competitive advantage of existing businesses, and creating jobs. Indeed, this philosophy is consistent with the Wisconsin Idea. This uniquely Wisconsin principle — that the boundaries of the university should be the boundaries of the state — holds that research conducted at the University of Wisconsin should be used to improve the quality of life for Wisconsin citizens. The LAB review mentioned some of these programs, but let me touch on just a couple more.

UW-Madison sponsors many programs designed to transform the university's research into practical applications. For example, UW-Madison's Wisconsin Center for Dairy Research is a national leader in conducting strategic research to improve the competitive position of the dairy industry. UW-Madison's Center for Quick Response Manufacturing assists firms in making their products more competitive by reducing lead times in product development and manufacturing.

UW-La Crosse is a member of the La Crosse Medical Health Science Consortium, which serves community health care needs, and furthers education and applied research in related fields. UW-Milwaukee is a founding member of the Wisconsin Institute for Biomedical & Health Technologies, which is building interdisciplinary research teams in biomedical engineering,

health care informatics, and clinical research. UW-Platteville's Center for Plastics Processing Technology works with industry leaders to meet the growing needs of plastics enterprises in the area. And UW-Superior is home to the Transportation and Logistics Management Research Center, which offers applied research to enhance the region's transportation and logistics systems.

Finally, the UW System took the lead in creating a statewide forum where business, labor, education, and government leaders could meet to discuss and identify strategies for improving the economic climate of Wisconsin. The Wisconsin Economic Summit, which was held annually between 2000 and 2003, provided a forum where participants could candidly discuss Wisconsin's business climate, health care costs, and fiscal situation. The Summit gave participants the opportunity to articulate a vision about the state's economic challenges and identified opportunities for improvement. In 2004 and 2005, the UW System sponsored follow-up forums, titled "Building the New Wisconsin Economy," which continued this work by providing a practical look at what works, and what doesn't, in community and regionally-based economic development.

These examples represent only a small fraction of the programs and services UW System institutions provide to enhance the quality of life and the economic vitality of the state. From high-level biotechnology transfer to skill-building classes offered through our Continuing Education programs on all 26 campuses, we could list hundreds of efforts that positively contribute to economic development activity in our state.

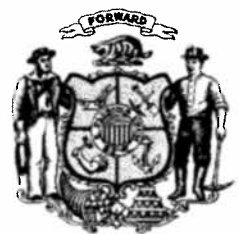
## **Conclusion**

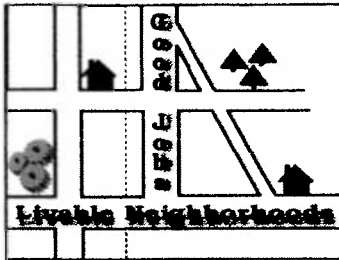
In closing, while the UW System administers numerous economic development programs and services, it is important to remember that the UW System's primary contribution to the state's economy is its role in educating the state's workforce. Our institutions produce more than 30,000 graduates every year, including medical doctors, lawyers, teachers, nurses, business leaders, and scientists. High-wage jobs require the kind of skilled and educated workforce that our "Growth Agenda for Wisconsin" budget initiatives will build by helping even more state citizens earn a baccalaureate degree. Increasing the percentage of state citizens who hold four-year degrees can improve Wisconsin's economy through increased per-capita incomes, and by attracting high-wage jobs to the state.

I encourage you to think of our 26 campuses, along with UW-Extension and its partnerships with all 72 Wisconsin counties, as a network of "economic centers." Each campus contributes in a significant way to the development of well-educated workers and, we believe, good citizens. The foundation of any economy, large or small, is highly dependent on the quality of the workforce and community in which it is located. The University of Wisconsin System is proud of its contributions to the economic development of Wisconsin and looks forward to continuing and expanding its role as a leader for promoting the economic vitality of the state. Thank you.



# WISCONSIN STATE LEGISLATURE





## **GOOD JOBS AND LIVABLE NEIGHBORHOODS**

633 S. HAWLEY RD., SUITE 1012

MILWAUKEE, WI 53214

414-475-0624

August 29, 2006

Senator Carol A. Roessler, Co-chairperson,  
Representative Suzanne Jeskewitz, Co-chairperson,  
Senator Robert Cowles,  
Representative Samantha Kerkman,  
Senator Scott Fitzgerald,  
Representative Dean Kaufert,  
Senator David Travis,  
Representative Mark Miller,  
Senator Julie Lassa,  
Representative David Cullen

Dear Joint Legislative Audit Committee Members:

I appreciate the opportunity to briefly comment to this committee today. I am speaking as the Board Secretary of the Good Jobs and Livable Neighborhoods (GJLN) Coalition, a newly formed economic development advocacy organization in Milwaukee currently seeking 501©(3) non-profit status. This Coalition, made up of community organizations, faith-based groups, housing, anti-poverty and civil rights advocates, environmental organizations, union representatives, etc., is engaged in regional economic development issues in which a public subsidy is involved. We seek to ensure that communities that we represent, those that are often marginalized in development decisions, will receive both direct and indirect benefits from that public investment/subsidy.

I am also speaking on behalf of the Metropolitan Milwaukee Fair Housing Council (MMFHC), of which I am the program manager of the organization's Community and Economic Development program. MMFHC's mission is to promote fair housing throughout the State of Wisconsin by guaranteeing all people equal access to housing

opportunities and by creating and maintaining racially and economically integrated housing patterns.

Today, I have two main comments to make to the Committee:

Page ten of the report identifies a concern regarding negative effects of business subsidies. GJLN concurs with the report's research - business subsidies can and have distorted markets. Often the subsidy rewards a decision the company was going to make anyway. In addition, subsidies can pass the cost of doing business onto taxpayers in an inappropriate way.

GJLN strongly believes that we should have clear reasons for providing subsidies and we should have clear expectations and goals for what those economic development subsidies will produce. For instance, specific wage requirements on construction work, as well as detailed plans for local hiring, affordable housing, and public green space should be included in all large scale development plans. We must pay attention to job creation, attraction, and retention, especially if we are going to make a dent in the unemployment rates in Milwaukee County, the community we are most concerned about.

Again, I thank you for the opportunity to share these thoughts with you. If you have any questions or need clarification, please call me at (414) 278-1240.

Sincerely,

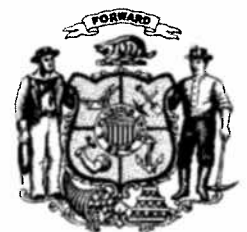


Kori A. Schneider  
Board Secretary, Good Jobs and Livable Neighborhoods Coalition

Program Manager, Community and Economic Development Program,  
Metropolitan Milwaukee Fair Housing Council



# WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN

Legislative Audit Bureau

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Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410  
Leg.Audit.Info@legis.state.wi.us

Janice Mueller  
State Auditor

August 31, 2006

Senator Carol A. Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

At the Joint Legislative Audit Committee hearing on August 29, 2006, related to state economic development programs (report 06-9), you requested additional information about the 129.7 full-time equivalent (FTE) staff at the University of Wisconsin System.

As noted in the report, we identified 21 economic development programs administered by UW System. The attached table lists the number of FTE staff funded through the State budget process that we identified for each program or group of similar programs, as of June 30, 2005. Our estimates were based on the work effort related to economic development, rather than a count of actual positions, because many of the employees working in these programs have other responsibilities. We relied upon information reported by each program for these estimates.

I hope you find this information helpful. Please contact me if you have any questions.

Sincerely,

Janice Mueller  
State Auditor

JM/JR/bm

Enclosure

cc: Senator Robert Cowles  
Senator Scott Fitzgerald  
Senator Mark Miller  
Senator Julie Lassa

Representative Samantha Kerkman  
Representative Dean Kaufert  
Representative David Travis  
Representative David Cullen

Kevin Reilly, President  
University of Wisconsin System



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**Estimated UW System Economic Development Staff**  
June 30, 2005

<b>Program</b>	<b>Estimated Number of FTE Staff</b>
UW-Green Bay Paper Industry Resource Center	1.65
UW-Platteville Business Incubator, Inc.	0.50
UW-Platteville Rural Business Enhancement Center <sup>1</sup>	0.00
UW-Platteville Coordinator of Corporate Relations <sup>2</sup>	1.00
UW-Oshkosh Center for Community Partnerships	5.95
UW-Oshkosh Wisconsin Family Business Forum	1.20
UW-Madison Trade Show Travel Grants	0.04
UW-Madison Office of Corporate Relations	6.50
UW-Madison University Research Park	6.00
UW-Madison Family Business Center	2.00
UW-Stout Technology Transfer Institute Programs	19.05
<hr/> Subtotal	43.89
 UW-Extension Programs	
Small Business Development Centers	38.29
Community, Natural Resources, and Economic Development	22.70
Agriculture and Natural Resources Extension	24.82
<hr/> Subtotal	85.81
<hr/> <b>Total</b>	<b>129.70</b>

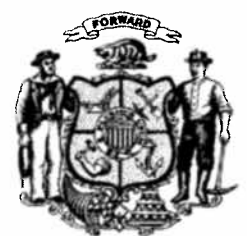
<sup>1</sup> Administered by UW-Extension Small Business Development Center staff.

<sup>2</sup> Position was eliminated in 2005.

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# WISCONSIN STATE LEGISLATURE



A Review:

## State Economic Development Programs

August 2006

# Report Highlights ■

***The State spent an estimated \$152.8 million on economic development programs in the 2003-05 biennium.***

Wisconsin's economic development programs are intended to create jobs, attract and retain businesses, or otherwise encourage economic growth. The Department of Commerce is the State's lead agency, but seven other state agencies also administer economic development programs to assist businesses, local governments, and organizations.

***We identified 152 economic development programs administered by state agencies.***

In the 2003-05 biennium, state spending on economic development was an estimated \$152.8 million. That amount includes funding for grants and loans, as well as spending for direct program services and administrative costs. In addition, \$109.3 million was provided in bonding authorization, as well as \$36.0 million in loan guarantees and \$27.9 million in tax credits claimed by businesses.

***At least one project in every county was awarded economic development funds during the period we reviewed.***

As both the number and types of economic development programs have grown, some policymakers have raised concerns about their scope, effectiveness, and coordination. Therefore, at the direction of the Joint Legislative Audit Committee, we:

***Efforts to measure and report program results have been limited.***

- compiled a program inventory, including each program's purpose, award criteria, and sources of funding;
- analyzed the type and distribution of financial assistance and program services provided;
- reviewed information collected by state agencies to evaluate program effectiveness; and
- reviewed other states' efforts to enhance accountability in their economic development programs.

## Key Facts and Findings

*Projects in Milwaukee, Dane, and Rock counties received nearly one-third of all grants and loans awarded during our review period.*

*From FY 2001-02 through FY 2004-05, 109 businesses and local governments received \$500,000 or more in financial assistance.*

*Projects in eight counties that met no criteria for economic distress were awarded 21.3 percent of grants and loans during our review period.*

*Every part of Wisconsin is currently designated as a development zone.*

*Accountability could be enhanced by verifying that those receiving assistance have met their commitments.*

## Scope of Efforts

We identified 152 economic development programs. From fiscal year (FY) 2001-02 through FY 2004-05, 78 of these programs primarily offered grants or loans; 58 primarily offered direct services such as consulting, regulatory assistance, and planning; and 16 offered loan guarantees, bonding authorization, and targeted tax credits. We estimate that as of June 30, 2005, state agencies were authorized at least 247.9 full-time equivalent staff for administering these economic development programs.

We identified a large number of programs that provide similar services. For example, 34 programs assist businesses in purchasing fixed assets such as land, buildings, or equipment, and 26 programs assist with business planning.

Some programs target specific types of businesses or encourage the growth of particular industries.

Type of Business	Number of Programs
Small Business	46
Early-Stage Business and Entrepreneurs	40
Agricultural Business	34
Technology-Based Business	21
Minority-Owned Business	18

For example, 46 programs target small businesses, including 35 that provide financial assistance and 11 that provide services such as business planning or technical assistance.

Some program duplication may be desirable to ensure that services are available statewide or that they can be provided locally. However, duplication increases administrative costs and may confuse those seeking assistance or hinder the Legislature's ability to assess program accomplishments and provide adequate oversight.

We identified 23 programs that were inactive during some or all of our audit period. Six have already been repealed, but the remaining 17 have not. Consolidation or elimination of some of these programs could simplify both program administration and oversight.

## Distribution of Financial Assistance

We analyzed the \$180.9 million in grants and loans for economic development that state agencies awarded to businesses, individuals, local governments, and other organizations from FY 2001-02 through FY 2004-05. Projects in Milwaukee, Dane, and Rock counties received nearly one-third of all funds awarded during that period, but at least one project in every county was awarded a grant or loan.

Although economic development projects in Milwaukee County received more funding than those in other counties, on a per capita basis Milwaukee County's grant and loan awards were \$2.71 below the statewide average of \$30.38. From FY 2001-02 through FY 2004-05, per capita grant and loan funding ranged from \$1.63 in Menominee County to \$120.09 in Green County.

six economic development programs guaranteed \$64.4 million in loan principal payments if borrowers default.

Tax policies are also an important component of the State's economic development efforts. To encourage economic development in specific geographic areas, businesses located in designated development zones have been eligible for income tax credits since 1988. Statutes currently allow for the designation of as many as 135 development zones under five programs, and every part of the state is included in at least one development zone.

Through June 30, 2005, the Legislature authorized up to \$406.6 million in development zone tax credits, and Commerce awarded \$122.6 million in credits to eligible businesses. Businesses in Milwaukee County received 26.5 percent of the \$56.3 million in income tax credits awarded during the four-year period we reviewed.

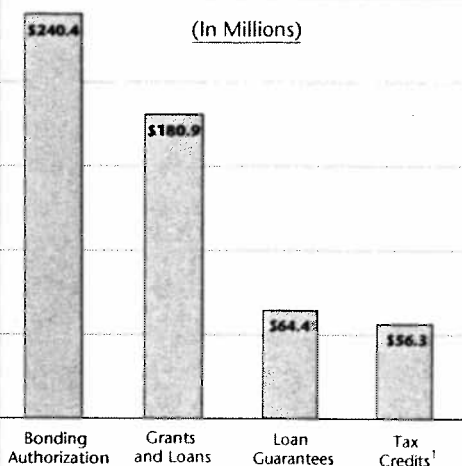
## Improving Coordination and Accountability

To make informed decisions about economic development programs, policymakers need accurate and reliable information about their costs and effectiveness. However, agency responsibility for administering economic development programs is fragmented, efforts to measure and report results are limited, and no single entity is responsible for ensuring that the programs are working toward common policy goals. For example, we identified 26 councils, task forces, or other bodies that are responsible for overseeing and coordinating various aspects of the State's economic development programs.

We believe accountability could be enhanced by improving coordination, reducing the number of programs with similar purposes, consolidating agency reporting requirements, and disclosing project costs and benefits to the public.

**Financial Assistance Awarded  
FY 2001-02 through FY 2004-05**

(In Millions)



<sup>1</sup>Because tax credits are tracked on a calendar year basis, we reviewed the amounts awarded from 2001 through 2004.

Some economic development programs also assist Wisconsin businesses by facilitating access to capital. State agencies authorized \$240.4 million in bonding for economic development during the past two biennia, including \$239.6 million in industrial revenue bonds and \$770,100 in bonds to raise capital for farm loans. In addition,

**Development Zone Tax Credits  
Through June 30, 2005**

	Available Credits (In Millions)	Amount Awarded (In Millions)
Community Development Zones	\$ 38.2	\$ 23.3
Development Opportunity Zones	29.4	11.5
Enterprise Development Zones	294.0	84.4
Agricultural Development Zones	5.0	0.9
Technology Zones	40.0	2.4
<b>Total</b>	<b>\$406.6</b>	<b>\$122.6</b>

## Recommendations

We include recommendations for the Department of Commerce to report to the Joint Legislative Audit Committee by February 15, 2007, on its efforts to:

- ☑ identify duplicative and outdated programs (p. 40);
  - ☑ improve procedures for tracking and reporting actual project results (p. 77);
  - ☑ improve procedures for monitoring the long-term success of projects (p. 79);
  - ☑ improve tracking and reporting of tax credits claimed by businesses located within development zones (p. 96); and
  - ☑ provide additional information on the effectiveness of the Certified Capital Companies program (p. 101).
- We also include a recommendation that the University of Wisconsin System and the Wisconsin Technical College System designate an economic development liaison at each campus, publish directories of their business assistance programs, and report to the Joint Legislative Audit Committee by February 15, 2007 (p. 49).
- Finally, we include recommendations for the Legislature to consider:
- ☑ specifying criteria for designating future development zones (p. 90);
  - ☑ encouraging the establishment of clear and measurable goals to ensure that programs are coordinated effectively (p. 113);
  - ☑ reducing the number of programs by consolidating statutory requirements and standardizing eligibility criteria for similar programs (p. 115);
  - ☑ consolidating reporting requirements for state agencies (p. 116); and
  - ☑ enacting public disclosure requirements to improve the transparency in the use of state funds for economic development (p. 117).

*The Legislative Audit Bureau is a nonpartisan legislative service agency that assists the Wisconsin Legislature in maintaining effective oversight of state operations. We audit the accounts and records of state agencies to ensure that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law, and we review and evaluate the performance of state and local agencies and programs. The results of our audits, evaluations, and reviews are submitted to the Joint Legislative Audit Committee.*

## Additional Information

For a copy of report 06-9, which includes a response from the Department of Commerce, call (608) 266-2818 or visit our Web site:



[www.legis.state.wi.us/lab](http://www.legis.state.wi.us/lab)

Address questions regarding this report to:

Paul Stuibler  
(608) 266-2818

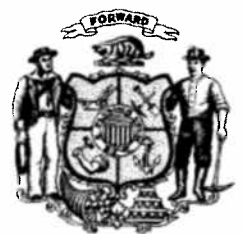
## Legislative Audit Bureau

22 East Mifflin Street  
Suite 500  
Madison, WI 53703  
(608) 266-2818

Janice Mueller  
State Auditor



# WISCONSIN STATE LEGISLATURE



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# A Review of State Economic Development Programs

Legislative Audit Bureau  
August 2006

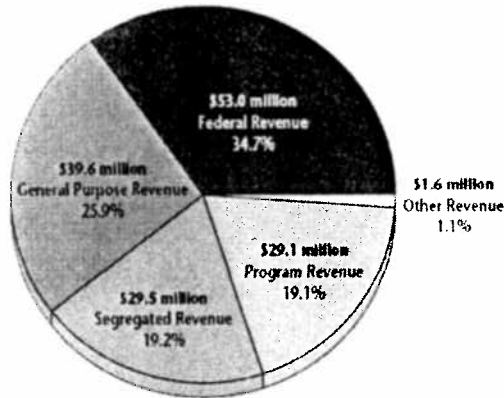
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## Scope of Effort

- ◆ We identified 152 economic development programs
- ◆ Eight state agencies are involved in administering these programs
- ◆ The Department of Commerce is the lead agency for economic development



## Expenditures and Staff



◆ State agencies spent \$152.8 million in the 2003-05 biennium

◆ 247.9 FTE staff worked on economic development as of June 30, 2005

## Types of Assistance Provided

Agency	Programs Offering Grants or Loans	Programs Offering Direct Services	Programs Offering Other Financial Assistance <sup>1</sup>	Total
Commerce	59	20	9	88
DATCP	11	12	0	23
LW System	2	19	0	21
WHEDA	1	1	6	8
Tourism	1	4	0	5
DNR	3	0	0	3
DOT	1	1	1	3
WTCS	0	1	0	1
<b>Total</b>	<b>78</b>	<b>58</b>	<b>16</b>	<b>152</b>

<sup>1</sup> Includes tax credits, loan guarantees, and bonding authorization.

## Targeted Programs

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Type of Business	Number of Programs
Small Business	46
Early-Stage Business and Entrepreneurs	40
Agricultural Business	34
Technology-Based Business	21
Minority-Owned Business	18

## Duplication of Program Services

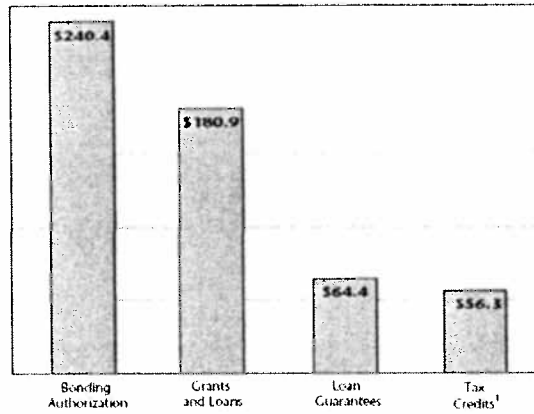
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- ◆ 34 programs provided assistance in purchasing fixed assets
- ◆ 33 programs assisted businesses with operating expenses
- ◆ 26 programs assisted with business planning
- ◆ 26 programs assisted with marketing or promoting a business or product

240  
189 9991  
64.4  
g.

# Financial Assistance

FY 2001-02 through FY 2004-05  
(In Millions)



<sup>1</sup> Because tax credits are tracked on a calendar year basis, we reviewed the amounts awarded from 2001 through 2004.

# Per Capita Grants and Loans

FY 2001-02 through FY 2004-05

County	Percentage of Total Awarded	Grants and Loans Awarded per Capita
Milwaukee	15.3%	\$27.67
Dane	10.5	38.67
Rock	7.0	75.76
Manitowoc	3.5	69.61
Brown	3.4	23.85
Racine	3.0	26.18
La Crosse	3.0	45.72
Marathon	2.8	36.65
Sheboygan	2.7	39.88
Chippewa	2.7	76.22
Subtotal	53.9	36.68
All Other Counties	44.6	24.50
No County Specified <sup>2</sup>	1.5	-
<b>Total</b>	<b>100.0%</b>	<b>30.38</b>

*7 1/3 grant \$ per capita*

<sup>1</sup> Department of Administration estimate.

<sup>2</sup> Includes awards for which no county is indicated or for projects that benefit multiple counties.

## Development Zones

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	Available Credits (In Millions)	Amount Awarded (In Millions)
Community Development Zones	\$ 38.2	\$ 23.3
Development Opportunity Zones	29.4	11.5
Enterprise Development Zones	294.0	84.4
Agricultural Development Zones	5.0	0.9
Technology Zones	40.0	2.4
<b>Total</b>	<b>\$406.6</b>	<b>\$122.6</b>

\* 33.4m  
01-04

## Measuring Results

---

- ◆ Agencies report expected, rather than actual results
- ◆ Project results are not consistently verified or compiled
- ◆ Expected results may be double-counted

Commerce actual  
vs. expected

## Recommendations to Commerce

- ◆ Continue efforts to identify duplicative and outdated programs
- ◆ Improve procedures for tracking and reporting actual results and long-term success
- ◆ Improve tracking and reporting of development zone tax credits claimed
- ◆ Provide additional information on the effectiveness of the Certified Capital Companies program
- ◆ Report to the Joint Legislative Audit Committee by February 15, 2007

## Other Agency Recommendations

- ◆ We recommend that UW System and the Wisconsin Technical College System:
  - Designate an economic development liaison at each campus
  - Publish directories of their business assistance programs
  - Report to the Joint Legislative Audit Committee by February 15, 2007

## Recommendations to the Legislature

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- ◆ Specify criteria for designation of future development zones
- ◆ Establish clear, measurable goals to improve coordination
- ◆ Reduce the number of programs by consolidating similar programs and eliminating inactive programs
- ◆ Consolidate reporting requirements for state agencies
- ◆ Improve transparency by making information more readily available to the public