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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

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\* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)



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## Economic grants don't always do job

### State audit cites poor tracking, duplication

By PATRICK MARLEY  
[pmarley@journalsentinel.com](mailto:pmarley@journalsentinel.com)

Posted: Aug. 8, 2006

**Madison** - The state's 152 economic development programs are not adequately tracked, often overlap one another and have included situations in which businesses awarded grants later laid off employees, according to a sweeping legislative audit released Tuesday.

*Advertisement* In one case, tax credits provided to the insurance industry cost more than \$90,000 for every job created.

In all, the state spent \$152.8 million from mid-2003 to mid-2005 on the programs, but auditors were unable to determine how much they may have boosted the economy because the efforts are not adequately tracked, the report by the Legislative Audit Bureau said.

Lawmakers said they would hold a hearing on the audit Aug. 29 and seek changes to the program early next year, after a new Legislature is seated.

"We need to look at centralization so the right hand knows what the left hand is doing," said Rep. Sue Jeskewitz (R-Menomonee Falls), co-chairwoman of the Joint Audit Committee. "In order to know our taxpayer dollars are being used wisely, we need to track the dollars to know . . . are they truly going toward economic development."

Commerce Secretary Mary Burke, who oversees many of the state's economic development programs, said the audit made welcome recommendations on improving reporting and streamlining the programs. But she said the state is doing a good job in getting money to the right businesses.

"We're doing the things very well that are creating jobs," she said.

In addition to the estimated \$152.8 million in grants and loans, the state offered \$109.3 million in bonding authorization, \$36 million in loan guarantees and \$27.9 million in tax credits from mid-2003 to mid-2005.

The audit found:

- Insurance companies claimed more than \$29 million in tax credits over six years under a program that created just 316 jobs. For each job created, taxpayers spent \$91,871 - far more than what they spent to

create jobs in other programs.

The audit found a wide range in the cost of creating or retaining jobs under other programs, from a low of \$556 to a high of \$22,727 per job.

- At least two companies laid off employees within three years of receiving state grants. **The state does little long-term follow-up with grant recipients and so is unaware of other such examples, auditors said.**
- The state Department of Commerce does not adequately follow up on the performance of companies that receive assistance. **Its regular reports to the Legislature detail expected outcomes, rather than results.**
- Many programs overlap. For instance, 34 programs help businesses buy land, buildings or other fixed assets, and 26 programs help with business planning.
- **No single agency has complete oversight of the numerous programs.** Monitoring falls to 26 councils, task forces and other bodies. Because of the lack of coordination, economic development officials **overstated the number of jobs created by at least 1,675 over four years because they double-counted jobs when businesses received multiple loans and grants.**
- Every square inch of the state is in one kind of economic development zone or another, but **the state does not effectively track the successes and failures of those programs.** The state keeps a tally of the tax credits it awards, but not of the credits claimed. The only way the state would find out if a business claimed more credits than it received is through a tax audit.
- **Money does not always flow to the areas of the state with the most problems.** Over four years, Milwaukee County received \$27.67 per capita, less than the statewide average of \$30.38.

Commerce officials said Milwaukee also receives economic development money directly from the federal government - funds that they said should put it on par with other Wisconsin communities.

Projects in counties with no indicators of economic distress received \$36.1 million over four years - more than 21% of what was given out statewide.

### **Programs hard to navigate**

Tom Hefty, the former head of Blue Cross & Blue Shield United of Wisconsin, has been involved with several economic development organizations and committees over the years. He said **businesses are often befuddled by the host of programs the state offers.**

"There's clearly confusion," he said.

He said he was encouraged that the audit would lead to changes, but said lawmakers would have a tough time fixing the problem.

"I hate to say it, but . . . when you have 152 programs with entrenched administrations, it will take a focused effort to streamline those programs," he said.

Sen. Robert Cowles (R-Green Bay), an audit committee member, said the state needs to make sure it leverages its money as effectively as possible.

"We need to get a better bang for the buck," he said. "If a program really is not working, just get rid of it."

Democratic Gov. Jim Doyle has stressed economic development, but he acknowledged Tuesday that targeting money to the right areas can be difficult.

"What you really have to do is make sure that the grants that are going out are going to companies that have good plans. . . . (But) you can never predict exactly what the future is," he said. "You've got to have smart people who are really looking at whether the applications are ones that show real promise."

Doyle has proposed consolidating some of the state's economic development programs in the past, but he said Tuesday that he did not want to overregulate the state's economic development programs.

"To really hamstring the economic development with a whole lot of government bureaucracy in many ways can defeat the purpose of what you're trying to get done," he said.

Later Tuesday, Doyle announced a \$354,000 grant to the City of Beloit to help two businesses expand, and today he is slated to award tax credits to CapTel Inc. in Milwaukee that are projected to generate hundreds of new jobs.

Doyle's Republican opponent, U.S. Rep. Mark Green, blamed Doyle for the problems. Green said he would "get Wisconsin's economic compass pointed firmly toward prosperity."

### **Monitoring defended**

Burke, Doyle's commerce secretary, said her agency needs to improve reporting on its programs overall, but that it adequately monitors individual programs. Cutting back the number of programs would help, she said.

"When you have so many different programs you are required to conduct, it's obviously hard to do the tracking," she said. "The biggest part of tracking is making sure the companies do what they say they're going to do. . . . We do that."

Burke said the state's economic development efforts are well-coordinated. The Wisconsin Entrepreneurs' Network - created after the period auditors looked at - has helped give new businesses a single point of contact, removing some of the complications businesses have complained about, she said.

The audit found that at least two companies laid off employees not long after receiving grants. Badger Paper Mills of Peshtigo was awarded \$666,000 in 2001 and 2002 under a program expected to create 258 jobs. But 201 existing jobs were cut in 2005 when the company went into receivership. Officials with BPM, the company that took over Badger Paper, said they were not responsible for how those grants were used.

Similarly, paper mill Stora Enso of North America in Stevens Point was awarded more than \$22,000 in 2004 to train 73 employees. This year, the company laid off 37 employees.

Neither company was asked to return the funds.

Tim Laatsch, a Stora Enso senior vice president, said the firm actually received \$13,350 and trained 81 employees. It laid off employees when it shut down an old, money-losing paper machine at the facility.

"We met the obligation" of the grant, Laatsch said.

The audit also raised questions about the Certified Capital Companies, or CAPCO, program, which gives tax credits to insurance companies that invest in Wisconsin firms through venture capital firms. The venture capital firms have to invest at least half the money they receive in Wisconsin businesses. An audit of that program by the Commerce Department is expected by February.

The program has created 316 jobs at the expense of more than \$29 million in tax credits since 1999. Another \$21 million in tax credits are expected to be claimed by 2009.

"We have some significant concerns about the CAPCO program," said Aaron Olver, the commerce secretary's executive assistant. "We certainly would not recommend the Legislature reinvest in that program without significant adjustments."

*Steven Walters of the Journal Sentinel staff contributed to this report.*

From the Aug. 9, 2006 editions of the Milwaukee Journal Sentinel  
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Tuesday, August 08, 2006

**AUDIT BUREAU REPORT COVERS STATE ECONOMIC DEVELOPMENT PROGRAMS.**

A Legislative Audit Bureau report released today recommends the Legislature enact public disclosure requirements "to improve the transparency in the use of state funds for economic development." The report also recommends the UW System and Wisconsin Technical College System designate an economic development liaison at each campus and publish directories of their business assistance programs.

The report identifies 152 economic development programs administered by various state agencies and notes the state spent an estimated \$152.8 million on economic development programs in the 2003-05 biennium with at least one project in every county awarded economic development funds during the review period. As of June 30, 2005, state agencies were authorized at least 247.9 FTE staff for administering the programs.

The report also recommends the Legislature reduce the number of programs by consolidating statutory requirements and standardizing eligibility criteria for similar programs; specify criteria for designating future development zones; establish "clear and measurable goals to ensure that programs are coordinated effectively"; and, consolidate reporting requirements for state agencies.

The report also recommends the Dept of Commerce report to the Audit Committee by next February on efforts to identify duplicative and outdated programs; improve procedures for tracking and reporting actual project results; improve procedures for monitoring the long-term success of projects; improve tracking and reporting of tax credits claimed by businesses located within development zones; and, provide additional information on the effectiveness of the Certified Capital Companies program.

**NOTICE**

**Joint Committee for Review of Administrative Rules, 10 am, Tue, Aug 22, 417-N. (Rescheduled from Thursday, August 10)**

- **CR 05-111.** (Office of the Commissioner of Insurance) Agent licensing procedure changes which will affect small business.
- **CR 02-095.** (DNR) Groundwater quality standards.
- **Emergency Order FR-20-06.** DNR requests 60 day extension on emergency order pertaining to firewood entering and exiting department lands.

*An exec will be held on the emergency order extension and may be held on other items before the committee.*

[Link to Releases.](#)

(END)



NEWS RELEASE  
FOR IMMEDIATE RELEASE  
August 9, 2006

Contact: James Otterstein, President (608) 757-5598  
Peter Thillman, Legislative Chair (920) 693-1119  
Andrew Lisak, President-Elect (715) 392-4749  
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### **Economic Development Association Hopes Audit Becomes A Vehicle for Positive Change**

(Madison, WI) - The Wisconsin Economic Development Association (WEDA), a statewide nonprofit organization representing nearly 400 members from both the public and private sectors, recognizes the efforts recently made public by the Legislative Audit Bureau (LAB). The LAB's report, which canvassed Wisconsin's economic development policy and programming should serve as a baseline for economic development program evaluation and improvement.

In many respects, the results are not surprising—complicated, antiquated, over-subscribed economic development programs. This is a complex issue that will require complex solutions. WEDA is committed to help develop and implement meaningful reforms and to reinforce what works well. The LAB report is lengthy and detailed and WEDA will present a comprehensive response at the August 29 hearing before the Legislature's Joint Audit Committee; realizing that the legitimate issues raised cannot be solved either overnight or by one entity.

As Wisconsin's premier economic development advocate and leadership organization, WEDA recognizes the value-added benefits associated with sound policy and programming. Economic development is of utmost importance to Wisconsin. This is reflected in the myriad of organizations that are involved in economic development at the state, regional, and local levels. Economic development activities include: fostering entrepreneurial activity, existing business expansion/retention and new business investment opportunities and business recruitment, all of which require active, cooperative public/private partnerships. WEDA relishes this opportunity to roll up its sleeves and work cooperatively with the Administration and Legislature to improve Wisconsin's economic development climate.



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## Editorial: Economic hash

From the Journal Sentinel

*Posted: Aug. 11, 2006*

One hundred fifty-two programs.

*Advertisement*    One hundred fifty-two million dollars.

And very little idea of how much good it does.

This is your government at work on economic development, according to a report from the non-partisan Legislative Audit Bureau.

The report, released this week, notes:

- The state's many programs for economic growth are not well tracked, often overlap and sometimes help companies that either don't need it or go belly up shortly afterward.
- Administrative responsibility is fragmented, and efforts to measure and report results are limited. Because of poor coordination, economic development officials overstated the number of jobs created by at least 1,675 over four years.
- There is a big disparity in who gets the cash. Dane County received \$38.67 per capita during the period studied. Milwaukee County got by with \$27.67 per capita, while Waukesha County got a paltry \$7.73 and Ozaukee County got \$8.09. The statewide average was \$30.38 per capita.

Given the enormous challenges facing the industrial heart of this state, what could account for the disparity? Legislators from southeastern Wisconsin ought to demand an answer.

They also should demand that the report's recommendations be implemented. These include a call to eliminate outdated programs and improve tracking of projects and tax credits claimed by companies.

State Commerce Secretary Mary Burke, who oversees many of the state's economic development programs, told the Journal Sentinel's Patrick Marley that she welcomed the audit's recommendations. Burke also says the state overall does a good job of getting money to the right businesses.

But that's hard to swallow, given examples cited in the report.

Insurance companies, for example, claimed more than \$29 million in tax credits over six years under a



program that created only 316 jobs. That's an exorbitant \$91,871 per job.

Badger Paper Mills of Peshtigo got a \$666,000 grant in 2001 and 2002 under a program expected to create 258 jobs. Instead, Badger Paper cut 201 existing jobs and went into receivership.

Of course, politicians and the economic development professionals are easy targets when things go bad. They would have been roundly criticized if they had stood by and done nothing when Badger Paper came calling. It's their job to try to help. It's also important to note that this problem has been building for years and predates the Doyle administration.

Still, Doyle and Burke are in charge now, and surely they can find better ways to target the hard-earned dollars of taxpayers to ensure that the public purse isn't wasted.

*Legislators plan to hold a hearing on the report on the morning of Aug. 29 in Room 411 South of the Capitol.*

From the Aug. 12, 2006 editions of the Milwaukee Journal Sentinel  
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## State development plans need focus, oversight

*Posted: Aug. 12, 2006*



**John Torinus**

After reading a just-released audit of Wisconsin's diverse economic development efforts, the kindest description is that they are well-intended.

Other adjectives would be scattered, unfocused, misdirected, duplicative and non-strategic. All would be accurate.

When you add up the numbers unearthed by the Legislative Audit Bureau, you get several hundreds of millions of dollars in expenses, grants, loans, guarantees and credits. You get 152 different programs, 135 development zones, 26 councils that coordinate and oversee projects, and 248 full-time equivalent employees spread across numerous state departments and agencies.

On a broad scale, you could argue that this mish-mash of efforts is working, because the Wisconsin economy has bounced back fairly well from the shock waves of 9-11 and the tectonic shift of manufacturing to low-wage parts of the world. Unemployment is generally below 5% across the state.

But, using Minnesota as a benchmark, you can also argue that we should be doing a lot better. Our per capita income in 2004 was \$32,063. Minnesota's was \$36,173. Household income was \$45,931 here and \$56,125 there.

*Advertisement*

### **Lack of coordination**

Many of the recommendations in the audit are about what auditors do: They ask for more reporting, more accountability for returns on the development subsidies, and more transparency. Their case is convincing.

The lack of coordination among programs is clearly an issue. The auditors painted a picture of three small companies as examples of the confusion. One would be eligible for 22 programs, another for 15 and the third for 11. So, where do they go?

The auditors and legislative leaders have already made the obvious call for consolidation of the economic development programs. Expect that to happen in the next legislative session.

Those issues are important, but what wasn't said by the auditors is even more important.

The university emerged in the report as a major player in economic development. It has 129 full-time equivalents working in that arena. It's good the university recognizes its role on the demand side of job creation, along with its role in supplying talented graduates.

But with that level of talent, we need to see a lot more business start-ups. The leadership in economic development that was the hallmark of former UW System President Katherine Lyall needs to accelerate.

What was accomplished at the booming University Research Park in Middleton needs to be repeated across the state.

### **Redirect state subsidies**

Another revelation was that areas of the state with the biggest economic issues, like Milwaukee and its 16% poverty rate, get shortchanged. In the four years that were analyzed, Milwaukee County grants and loans totaled \$27.67 per capita. The state average was \$30.38, and Dane County, where unemployment is almost non-existent, received \$38.67.

The new Milwaukee 7 Council has a big job on its hands to persuade the governor and Legislature to send the state subsidies where they are needed the most. **The underinvestment in Milwaukee is clear.**

A recent example was the veto by Gov. Jim Doyle of \$2 million for the new BioMedical Technology Alliance in the metro Milwaukee area. He let \$500,000 go through, which was used toward a \$1 million collaborative grant program - exactly the kind of R&D action that the metro area needs.

The Department of Commerce also recently granted \$250,000 to the new Printing Applied Technology Center in Waukesha. Sen. Herb Kohl helped out by earmarking \$200,000 from the federal budget.

### **Overlooked industry clusters**

That brings up another glaring omission in the allocation of subsidies. The four economic summits of 2000 to 2003, attended by the best economic minds in the state, concluded that 10 clusters are the primary engines of the state's prosperity.

That understanding found its way into the governor's Grow Wisconsin strategy. Yet the unfocused, partly political process for handing out the grants and loans fails on almost all counts to line up with the cluster strategy.

So, are we using cluster strategy or aren't we?

Case in point: Medical equipment received less than 1% of total spending, even though it is a prime mover in the metro area.

The governor created an Economic Growth Council early in his term, but it was abruptly abandoned after about one year of meetings. Other states have used similar councils to try to bring focus to their development programs.

The audit proves that some such governing or coordinating council will be needed going forward. The state can't afford sloppy management of its development strategies in the midst of stiff global economic challenges.

*John Torinus is chief executive officer of Serigraph Inc. of West Bend. Contact him at [torcolumn@serigraph.com](mailto:torcolumn@serigraph.com).*

### **Archive**

-  [State development plans need focus, oversight](#) (8/13/2006)
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## Wisconsin Economic Development Association

Contact: James Otterstein, President  
Phone: (608) 757-5587

FOR IMMEDIATE RELEASE

### WEDA URGES ECONOMIC DEVELOPMENT AUDIT AS VEHICLE FOR CHANGE

*Madison August 29, 2006* WEDA President James Otterstein, President –Elect Andy Lisak and Past President Peter Thillman, testifying today before the Wisconsin Joint Legislative Audit Committee on the findings of the Legislative Audit Report (LAB) on State Economic Development (ED) Programs, stated, “The conclusions gave focus to the general feelings and opinions of the ED practitioners in the state, as confirmed by a recent member survey. As an organization, WEDA is prepared to devote its effort and expertise towards developing workable solutions to the current economic development situation. These practitioners also feel that we need to concentrate on: Leadership, Metrics / Accountability, Consolidation, Flexibility, Simplicity and Process.”

WEDA recommends that:

- Leadership with a broad vision for ED should be statutorily established with commensurate accountability and authority for all ED programs.
- Broad Economic Development Policy objectives should be established for the state. Objectives must be flexible and more inclusive of the economic development needs currently being encountered.
- State Economic Development Programs, including underwriting, should be consolidated, with their funding, in order to provide workable amounts of dollars for ED programs.
- The State should create a focus on speed and simplicity of program operation in order to develop economic development outcome measurements—measurements that demonstrate success in improving the lives of Wisconsin citizens while holding agencies accountable.

In a survey of membership, specific issues that were cited include:

- Needed programs for small projects/small business, there is nothing for capital investment, little for worker training (especially for incumbent workers), 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 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. Tax credit programs should be consolidated and would serve as an excellent pilot project for consolidation.

# AUGUST 29, 2006 JOINT LEGISLATIVE AUDIT COMMITTEE

## WEDA Talking Points

- I. WEDA (History / Background & Mission)
- II. LAB Report
  - A. Results & Implications
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    - 1. Membership Survey
    - 2. Organizational Offering
- III. Leadership
  - A. Fragmented Program Administration & Delivery
  - B. Leadership Entity (i.e. Commerce) Discussion
- IV. Metrics / Accountability
  - A. Quantitative v. Qualitative Discussion
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  - C. Establish Statewide Measurements with Local / Regional Considerations
    - 1. Reflection of Profession & Marketplace
      - a. Efficiencies, Productivities, Technologies,
      - b. Employee Retention. New Hire Activity
  - D. Accountability Standards (i.e. Reporting)
    - 1. Technology Utilization
    - 2. Overall Cost Savings, Efficiencies, etc.
- V. Consolidation
  - A. Program Proliferation & "Matching Game"
  - B. Niche or Specialized Program Considerations
    - 1. Consolidated Functions (i.e. underwriting)
    - 2. Reduce Administrative Costs
  - C. Program Consolidation (emphasis on Tax Credit pilot program)
    - 1. Collapse into Single Statewide Program
    - 2. Pool Credits
    - 3. Increase Credible Activities
      - a. Workforce Training
      - b. Capital Investment
    - 4. Increase Portability (i.e. Flexibility)
      - a. Refundability
      - b. Secondary Sale
      - c. Pass-Through Provisions
  - D. Consolidation Benefits
    - 1. Increase Efficiencies – 360 degree approach
    - 2. Increase Simplicity & Speed
      - a. Staff Delegation & Empowerment
      - b. Send Positive Marketplace Message
- VI. Conclusion
  - A. Simple Economic Development Programming
  - B. Leadership – "Carrot & Stick"
  - C. Standardized Metrics & Accountability
    - 1. Local & State
    - 2. Technology Applications
  - D. Program Consolidation
    - 1. Simplicity
    - 2. Efficiency
    - 3. Costs Savings
    - 4. Staff Delegation & Authority
  - E. WEDA's Interests & Commitments

## **Consolidating state economic development programs supported**

By SCOTT BAUER  
Associated Press Writer

MADISON, Wis. (AP) -- When anyone calls her office wanting information about what economic development programs Wisconsin offers, state Rep. Samantha Kerkman sends them a thick binder full of information.

"There's just so many programs out there they may qualify for," Kerkman, a Republican from Burlington, said as she held the binder up during a Tuesday hearing by a joint legislative audit committee.

The panel is considering Legislative Audit Bureau recommendations to consolidate and streamline the number of programs offered by the state, make them more efficient and more accountable.

Even after a two-year review of the state's economic development efforts, State Auditor Jan Mueller said she could not tell lawmakers which programs were working and which were not. The audit also showed that the state does not adequately track instances where recipients failed to meet goals and had to make repayments.

There is a need to streamline and consolidate the programs, said committee co-chair Sen. Carol Roessler, R-Oshkosh.

"We need to collapse and simplify this," she said. "What is really working? What should we invest the bulk of our money in?"

The committee planned to introduce a series of proposals to implement recommendations of the report, Roessler said. The Legislature would consider them next year.

State Department of Commerce Secretary Mary Burke defended the state's having 152 economic development programs, saying it's not always bad to develop initiatives targeted to specific needs.

"It's not as complex as it may appear," she said. "I'd hate to see a knee-jerk reaction that just because we have 152, that number is in and of itself bad."

Burke, an appointee of Democratic Gov. Jim Doyle, said even though several agencies are involved with handing out the money, they are well-coordinated and the Commerce Department works with applicants to make the application process as smooth as possible.

Doyle has proposed consolidating economic development programs in the past and will do so again, said his spokesman Matt Canter.

While the Commerce Department is the lead agency for economic development in charge of 88 programs, seven other agencies also have an additional 64 programs to assist businesses, local governments and organizations, the audit said.

A single contact point for navigating the state's economic development programs would be preferred, said leaders of the Wisconsin Economic Development Association, which represents 400 economic development professionals.

"There are simply too many economic development programs," testimony submitted by the group said. "Overlapping programs, blurred distinctions, and gray boundaries are the net result of flavor-of-the-day program development."

Consolidation will make it easier to use the programs available and track results, WEDA said.

The issue has become fodder for the governor's race. Republican candidate Mark Green on Monday said the state's 152 economic development programs should be reduced to 10 or fewer. He also called for eliminating the Commerce Department.

The state's programs available include grants and loans for specific projects, consulting services, community planning and regulatory assistance. The various programs target everything from big businesses relocating to Wisconsin to minority startup companies.

The state spent \$152.8 million on the programs over the past two-year budget cycle, the audit said.

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On the Net:

Legislative Audit Bureau: <http://www.legis.state.wi.us/lab/>

Commerce Department: <http://commerce.wi.gov/>

Wisconsin Economic Development Association: <http://www.weda.org/>

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## State's median income drops

### Decline is third-largest in nation; significance of figures debated

By **BILL GLAUBER, KATHERINE M. SKIBA and MIKE JOHNSON**  
[bglauber@journalsentinel.com](mailto:bglauber@journalsentinel.com)

*Posted: Aug. 29, 2006*

Feeling pinched financially?

*Advertisement* If you live in Wisconsin, you're not alone, because median household income in the state declined by \$2,226, to \$45,956 in 2004-'05, according to U.S. Census Bureau data released Tuesday.

The stunning drop meant that Wisconsin scored the third-largest decline, behind Virginia and Kansas.

In many ways, the decline was as inexplicable as it was unexpected.

Some said it was a statistical blip in the way the census came up with the new figures of income averaged over two years.

"These numbers are always noisy, and you can get big changes from year to year," said Laura Dresser of the Center on Wisconsin Strategy.

David Newby, head of the state's AFL-CIO, didn't make much of the new numbers, either.

"My hunch is (wages) have been pretty stagnant," he said. "We have not seen major swings."

Others, though, seized on the data as significant. This is, after all, a big election year, with big stakes, including control of Congress and control of the governor's mansion in Madison.

U.S. Rep. Mark Green of Green Bay, the Republican candidate for governor, said in a statement that the data showed that "Wisconsin's families saw just about the biggest drop in their income in the entire country."

However, Matt Canter, a spokesman for Democratic Gov. Jim Doyle, said the census information "is totally inconsistent with other current indicators," adding that the Bureau of Labor Statistics shows an increase in average wages.

Sammis White, an urban planning professor and director of the Center for Workforce Development at the

University of Wisconsin-Milwaukee, said the figures seemed "overstated."

"I think we really do need to be concerned, especially if (they're) accurate," he said. "If (they're) just indicative of the direction, that's not a good direction to be headed."

White said various theories explain why the state could be experiencing a decline in incomes.

"We've had a very slow growth nationally in terms of jobs," he said. "We've been adding these hundred or two hundred thousand jobs a month, which is a very small figure. We are in some sort of transition here, certainly, a very limited job-growth recovery."

But White said several regional economies in the state appear healthy, especially in Dane County, the Fox River Valley area near Green Bay and the area adjacent to the Minnesota border.

### **37 million living in poverty**

Meanwhile, poverty in 2005 remained nearly unchanged at 12.6%, with 37 million people living in poverty, including 7.7 million families.

One in four people in Milwaukee lived in poverty, according to the data. Milwaukee was the ninth most-impooverished city among those with populations exceeding 250,000, down two places from 2004.

Cleveland was the worst with 32.4%, and half of the top 10 poorest cities were from the Midwest, including Detroit, St. Louis and Cincinnati, as well as Milwaukee.

"That's one of the reasons that those cities are called the Rust Belt, I guess. They're going through difficult economic times," said Kenneth R. Bryson, a senior program analyst for the census who earned his doctorate in sociology and demography from the University of Wisconsin-Madison.

Overall, Wisconsin fared better than most states when the poor are counted. Some 10.2% of people statewide lived in poverty last year. Only eight other states fared better.

Milwaukee Mayor Tom Barrett said the city's poverty numbers "are very similar to last year's numbers. It is why I keep focusing on jobs and education. Those are the two tools that will allow us to reduce poverty in Milwaukee."

Barrett said he will "continue to be aggressive in trying to retain employers here and seek employers to move here. And that means employers covering a wide range of incomes."

The new figures also bore out a familiar theme: There are a host of disadvantaged young people in Milwaukee. The child poverty rate for Wisconsin's largest city - 38.1% in 2005 - statistically was not much different from 2004, officials said. The rate was 41.3% then, but the difference between the two years is blurred by the survey's margin of error.

### **Waukesha poverty low**

In the Milwaukee metro area, the Census Bureau's American Community Survey included data for Milwaukee, Ozaukee, Racine, Washington and Waukesha counties and the cities of Milwaukee, Racine and Waukesha.

Among the highlights:

- Milwaukee County's poverty rate was 18.2%, down from 18.5% in 2004. Median household income was \$37,808 - meaning half of the households had higher income and half had lower - down from \$38,303 in 2004.
- Waukesha County's poverty rate was the fifth-lowest nationwide among counties with populations of 250,000 or more at 3.7%, up from 3.5% in 2004, while median household income was \$67,222, up from \$64,353. In the city of Waukesha, the poverty rate was 6.5%, while median household income was \$52,599. The city of Waukesha was not included in the 2004 data.
- Ozaukee County's poverty rate was 2.6%, and its median household income was \$74,730. Ozaukee County was not included in the 2004 survey.
- Racine County's poverty rate was 10.5% and its median household income was \$50,465. Meanwhile, the city of Racine's poverty rate was 20.7% with median household income of \$38,156. Both Racine County and Racine were not included in the 2004 data.
- Washington County's poverty rate was 5.4%, and its median household income was \$60,106. Washington County was not included in the 2004 data.

In other key national findings:

Median earnings in the U.S. fell. For men 15 and older who worked full time, the median fell 1.8% to \$41,386. For women 15 and older working full time, median earnings fell 1.3% to \$31,858.

Meanwhile, the gender gap persisted: Women earned 77 cents for every dollar earned by men in 2005.

From the Aug. 30, 2006 editions of the Milwaukee Journal Sentinel  
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## Plan would rein in state economic development programs

### Lawmakers crafting bill after critical audit

By PATRICK MARLEY  
[pmarley@journalsentinel.com](mailto:pmarley@journalsentinel.com)

Posted: Aug. 29, 2006

**Madison** - Lawmakers said Tuesday that they will draft a bill to consolidate economic development efforts and to improve monitoring of them, after a state audit found that the programs are poorly tracked and sometimes duplicative.

*Advertisement* State Sen. Carol Roessler (R-Oshkosh), co-chairwoman of the Joint Audit Committee, said at a hearing Tuesday that the committee would introduce a bill early next year that would eliminate some of the state's 152 economic development programs. The measure would also create a single point of contact for businesses that want information on grants, loans and tax credits, and require a routine report that details the successes and failures of all of the state's job-creation efforts.

The audit found that it was often difficult to determine whether the state's economic development programs were succeeding. It also said the programs were overseen by eight state agencies, making it difficult for businesses to navigate the bureaucracy.

Lawmakers learned, however, that nothing can be done about the controversial Certified Capital Companies program, also known as CAPCO, which authorized \$50 million in tax credits.

Released this month, the audit found that \$29 million had already been claimed but that the program had generated just 316 jobs. That's a cost of more than \$90,000 a job for the credits claimed so far, significantly more than the expense of other job-creation programs. Auditors on Tuesday said there is no way to prevent the remaining \$21 million in tax credits from being cashed.

Among the 32 legislators sponsoring the bipartisan bill to create the program in 1997 were Roessler; Sen. Scott Fitzgerald (R-Juneau), who sits on the Audit Committee and is co-chairman of the Joint Finance Committee; then-Sen. Gwen Moore (D-Milwaukee), now a U.S. representative; and then-Rep. Mark Green (R-Green Bay), who is now in the U.S. House and running for governor.

Green issued an economic development plan Monday that included an expansion of tax credits and the replacement of the Department of Commerce with a board that would be headed by the governor.

Green spokesman Luke Punzenberger said Tuesday that Green supported the certified capital program at the time because he thought it would create jobs in promising fields.

"Obviously, he would have liked to have seen a better performance, but hindsight is 20-20," he said.

### **First comprehensive audit**

The audit is the first comprehensive accounting of the state's economic development programs, which cost \$152.8 million from mid-2003 to mid-2005.

Roessler said the committee would introduce legislation to fix some of the problems identified in the audit after a follow-up hearing in February.

Sen. Robert Cowles (R-Green Bay) said the program was a bad deal for taxpayers.

"It seems obvious to me this CAPCO program is just a total waste of money," he said.

The program, which started in 1999, gave \$50 million in tax credits to insurance companies that invest in Wisconsin businesses through venture capital firms. All of the credits were awarded early in the program; credits worth \$29 million have been claimed, and another \$21 million can be claimed through 2009.

While the audit found the credits generated 316 new jobs at a cost of more than \$90,000 apiece, other programs created jobs for \$556 to \$22,727 each. Critics have called the program inefficient because the investments are funneled through the insurance companies.

The Department of Commerce, which administers the program, is auditing it separately; the audit is expected to be done early next year.

John Neis, managing director of Venture Investors, said the program was successful and that auditors were not taking into account the full effects of the program. His firm is one of three venture capital companies making the investments.

### **More time sought**

More time must pass before the program can be judged because start-up companies often struggle for years before they generate new jobs, he said.

"There's a lag in the explosive job growth," Neis said Tuesday.

In written testimony supplied to the committee, he noted that Madison-based TomoTherapy Inc., a recipient of the investments, had 175 employees when the fieldwork for the audit was completed but that it now has 424 employees and is expected to have more than 1,000 in a few years. Those jobs pay more than twice the statewide average, he added.

But Commerce Secretary Mary Burke said in an interview that TomoTherapy and similar companies likely would have received state aid under other programs.

"I think there are better uses of state funds," she said of the program, which was formed years before she became secretary. ". . . I personally don't support any continuation of it. I think we have other programs that are very effective. That's not to say that money wasn't well-spent."

### **Supports consolidation**

Burke said she supported consolidating or eliminating some economic development programs, noting

- that Democratic Gov. Jim Doyle tried unsuccessfully to fold eight programs into one in his last budget. But Burke cautioned the committee not to go too far, saying the state has to offer an array of programs to meet the needs of about 150,000 businesses in the state.

"I would hate to see a knee-jerk reaction," she said.

She noted in an interview that lawmakers created five new programs in the past legislative session alone.

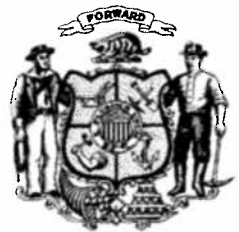
From the Aug. 30, 2006 editions of the Milwaukee Journal Sentinel  
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# WISCONSIN STATE LEGISLATURE



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**PRESS RELEASES**

**Public Policy Forum: Report Cites Need for City Economic Development Plan**  
 11/12/2006

For more information:

Jeffrey C. Browne, Forum president  
 Ryan Horton, M.U.P., Forum researcher  
 414-276-8240

*Workforce development receives 1% of more than \$100 million annually*

MILWAUKEE, WISCONSIN – Monday, November 13, 2006 – An analysis of the city of Milwaukee's economic development efforts by the Public Policy Forum shows that more than \$100 million is spent annually in federal, state, and local funds without a comprehensive plan to guide such investment. The report found just 1% of the total is spent on workforce development even though Milwaukee has been one of the country's biggest job losers from 1990-2005.

"The city lacks the reporting, tracking, and accountability necessary to critique its economic development investment," says Ryan Horton, Forum researcher who authored the report, "Growing up," over the past 12 months. "It's difficult to judge success when there are no goals or objectives spelled out."

Among 26 peer cities around the country, Milwaukee is one of six that operates without a plan to direct and measure its economic development investment.

The report's other key findings include:

— Milwaukee spends little taxpayer money on economic development. Between 2002 and 2005, only 8% of such funds came directly from the general tax fund.

— The city is a real estate and community development machine, but when it comes to job creation and workforce development the picture isn't so rosy. Relatively little money is spent to train workers and to create, retain, and expand the city's job opportunities.

— Community Development Block Grants (CDBG) funded social service programs to a much larger extent than job creation activities, which is not in accordance with the city's current federal plan submitted to the U.S. Department of Housing and Urban Development.

— The city's economic development efforts are disjointed, with 13 entities administering such programs, making it difficult to pinpoint accountability.

The report outlines eight policy options for the city that would help to create better structure and accountability for its economic development initiatives. They include:

- 1) Develop a city-wide economic development plan defining goals and creating accountability;
- 2) Expand the city's workforce development efforts;



- 3) Assemble a business development team that would include private sector participants;
- 4) Align CDBG grants with program goals;
- 5) Submit an annual report on economic development to the common council, the mayor, and the general public;
- 6) Streamline the economic development organization;
- 7) Be more aggressive in securing federal and state economic development funds;
- 8) Increase investment in “high growth” sectors of the economy.

“We’re not saying the city’s economic development effort isn’t or hasn’t been successful, it’s just that there is no way of knowing within the current environment,” says Horton. “It’s critical to the city’s and the region’s future that we make sure we can accurately measure success so that adjustments can be made to provide solid returns.”

Funding for the report came from the Helen Bader Foundation. For complete and abridged reports, please go to [www.publicpolicyforum.org](http://www.publicpolicyforum.org).

Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

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# Research Brief

## Growing up

### Analysis of city of Milwaukee economic development efforts

The city of Milwaukee once was – and potentially still is – an economic powerhouse, the financial heart of our region, the driver of the entire state of Wisconsin, and one of the great engines of growth and prosperity in the Midwest. To develop this economic potential, the city of Milwaukee invests more than \$100 million every year. But it does so without a comprehensive economic development plan, which would include concrete objectives, specific goals, and an overall strategy. Therefore, the return on this investment is elusive. To provide citizens and government with a better understanding of the situation, this report tracks how economic development funds are procured and spent, and analyzes policies to

allocate and monitor this investment.

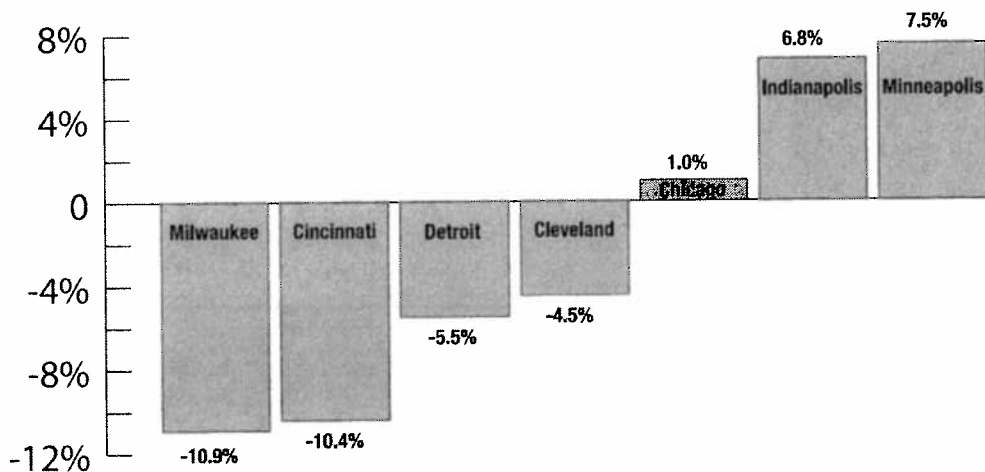
In the cutthroat game of big-city economic development, Milwaukee has wagered millions on real estate development and community development to boost the city's tax base and stimulate investment in poor neighborhoods. In placing this bet, the city has largely neglected business and workforce development expenditures that aim to bolster personal incomes, create jobs, and grow a skilled labor pool.

Has the gamble paid off? Yes and no. In 2005, for the first time in decades, tax base growth in the city outpaced the state of Wisconsin. Unfortunately, however, these property value gains have done little to stem the tide of job losses or reverse the flow of income and workers out of the city, raising the question of whether recent gains in the tax base are sustainable.

Absent a plan or guiding vision, the city invests in its economy in an ad-hoc fashion. In a time of intense international competition to produce skilled workers and wealth-producing jobs, city leaders need to craft an economic development plan with concrete objectives, goals, and strategies.

To aid in this discussion, the Public Policy Forum assembled an overview of the city's economic development investments. Borrowing from

Job growth in Midwest cities, 1990-2005



Local Area Unemployment Statistics (LAUS)

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Research funded by:



an award-winning methodology first used in assessing pre-Katrina economic development priorities in New Orleans, this report outlines city of Milwaukee economic development revenues and expenditures from 2002-2005.

## Key findings

- *The city of Milwaukee government is a major player in the region's economic development.* It invested \$413 million in a variety of economic development programs and projects between 2002 and 2005. By comparison, the region-wide Milwaukee 7 effort boasts a \$12 million, three-year budget.
- *Milwaukee spends little taxpayer money on economic development.* In fact, between 2002 and 2005, only 8% of economic development revenue came directly out of general fund tax dollars.
- *The city does not have an economic development plan to guide its investment.* Not having an economic development plan places Milwaukee out of step with 80% of peer cities around the country and into a select group of rust-belt cities without plans that includes Pittsburgh, Detroit, and Cleveland.

### Milwaukee and 25 peer cities: Status of economic development planning efforts

Cities with a plan	
Austin	Minneapolis
Baltimore	Nashville-Davidson
Buffalo	Philadelphia
Charlotte	Portland
Columbus	Sacramento
Denver	San Antonio
Indianapolis	St. Louis
Kansas City	St. Paul
Louisville-Jefferson	Toronto
Madison	Virginia Beach

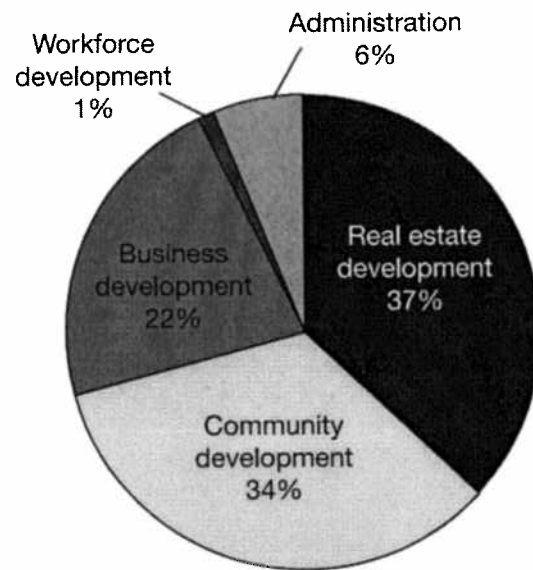
Cities without a plan	
Chicago	Detroit
Cincinnati	Milwaukee
Cleveland	Pittsburgh

- *The city lacks the reporting, tracking, and accountability necessary to critique its economic development investment.* The city has not provided a comprehensive annual report to the common council since 2004. The mayor and Department of City Development (DCD) no longer publish an annual report of accomplishments and financial results as they did cooperatively in the 1980s. DCD's annual "Tax Increment Financing District Annual Report" is neither robust, nor widely available.
- *The city of Milwaukee is a real estate and community development machine.* Conversely, the city's job creation machine is not so well oiled. Almost 70% of the city's economic development budget goes toward

neighborhood and real estate development projects. Despite a continually eroding jobs base in the city, relatively little money is spent to create, retain, and expand the city's job opportunities.

- *Only 1% of expenditures go toward workforce development.* Although workforce issues also are the responsibility of other entities, such as the Private Industry Council (PIC), Milwaukee Area Technical College (MATC), and Milwaukee Public Schools (MPS), the city could play a much bigger role in ensuring a quality workforce, borrowing from a variety of city workforce development models nationwide.

### Milwaukee's investment portfolio, 2002-2005



- *Community Development Block Grant (CDBG) dollars funded social service programs to a much larger extent than job creation activities.* This is not in accordance with Milwaukee's current federal plan submitted to the US Department of Housing and Urban Development every four years. That plan calls for the "creation of jobs through aggressive economic development." Although job creation/business development was one of four strategies the city earmarked for CDBG funding, that priority received just 3% of total CDBG funding from 2002 to 2005.

### CDBG allocations, 2002-2005

	Total	%
Social services**	\$22,811,437	27%
Community development	\$19,826,902	24%
Housing	\$17,207,274	20%
Administration	\$11,154,236	13%
Real estate development	\$6,429,431	8%
Workforce development (training)	\$4,624,998	5%
Business development (jobs)	\$2,214,467	3%
<b>Total</b>	<b>\$84,268,745</b>	

\*\* Homeless, domestic violence, youth and senior services, education, crime prevention, health, etc.

- *The city's economic development efforts are disjointed.* Thirteen separate city entities legislate and administer economic development programs. With so many hands in the pot, it is difficult to determine who is ultimately accountable for the performance of the city's economic development investment. The mayor? The common council president? The DCD commissioner? While it is doubtful that there is one perfect way to organize city economic development functions, reorganization would seem to be beneficial.

## Policy options

**Policy #1: Draft a city-wide economic development plan.** The need for an economic development plan is urgent, as the city of Milwaukee has been without one for decades. The purpose of such a plan would be to:

- Hold leadership accountable to specific goals;
- Mobilize business, community, and the public sector behind a unified agenda;
- Allocate dollars strategically (i.e., make sure Milwaukee gets the most "bang for its economic development buck").

*Example: New Century Economic Development Plan, Atlanta.* Approved in 2004, the plan sets goals to be achieved by 2009, including the creation of 60,000 jobs, adding 10,000 workforce housing units through the use of incentives, and decreasing the crime rate to 5,600 crimes per 100,000 residents. Goals are accompanied by specific strategies and parties responsible for implementation.

**Policy #2: Get involved in a meaningful way in workforce development.** Milwaukee could partner with local employers, MATC, MPS, the University of Wisconsin-Milwaukee (UWM), PIC, and other workforce development leaders to gain consensus on how the city could use its resource capacity to train workers for careers in local industries.

*Example: Mayor's Office of Workforce Development (MOWD), Chicago.* The MOWD is the central organizational point of contact for city training programs. In 2002, the city of Chicago created the TIFWORKS program to defray an employer's cost of customized training programs. Administered through MOWD, TIFWORKS has allocated \$2.7 million to employers to train 3,000 new and incumbent workers since its inception.

**Policy #3: Assemble a business development team.** The city could benefit from establishing a highly qualified team of business developers —smart, energized, and connected people with an understanding of their industry sector, whether it be food processing or biomedical technology. This will enable the city to create a highly coordinated response when businesses inquire about relocation or expansion.

*Example: World Business Chicago (WBC).* This is a not-for profit economic development agency, chaired by Mayor Richard M. Daley, and is credited with landing Boeing's headquarters from Seattle in 2001. One of the

nation's most effective economic development groups, WBC has as its goal to expand Chicago's economy by providing "point of first contact" assistance for industry data, site location, contacts, and incentives.

**Policy #4: Bring CDBG expenditures in line with program goals.** The city should comply with the intent of its 2005-2009 consolidated plan that it submitted to the federal government, and increase CDBG funding for business development programming above the current 3% level. Additional dollars could bolster programs that have proven successful.

*Example: Milwaukee Economic Development Corporation (MEDC).* In 1985, the city provided \$800,000 in CDBG funds for MEDC's below-market interest rate revolving loan fund. As of 2005, this initial \$800,000 investment has grown to over \$3 million, creating hundreds of jobs and adding millions to the tax base. Despite MEDC's track record of success, CDBG dollars no longer flow into its loan fund.

**Policy #5: Submit a comprehensive annual report on economic development progress to the common council, the mayor, and general public.**

At a minimum, this document should include progress on each measurable goal from the city's new economic development plan (see policy #1), critique the performance of tax increment finance districts, and report on jobs created and private dollars leveraged for all major economic development projects and programs.

*Example: The Economic Development Office, Charlotte.* This office issues quarterly and annual reports to the mayor and common council, and posts each update on its Web site. Named "BusinessWorks," these publications measure progress on all strategic focus areas from the city's economic development plan, including workforce development, tourism & hospitality, small business development, and business retention and attraction.

**Policy #6: Streamline city's economic development organization.** Hire an outside, independent consultant to determine the best way to organize economic development functions. The goal is to make sure everything that needs to get done is getting done. Additionally, if a more aggressive economic development agenda is adopted, deep staffing cuts at DCD over the past decade may have to be revisited.

*Example: Economic development restructuring, Madison.* The city of Madison is in the process of restructuring all financial resources and economic development tools under a new economic development director reporting directly to the mayor. The director will manage the city's tax increment financing portfolio, bonding authority, redevelopment real estate powers, federal and state grants, and revolving loan fund dollars.

**Policy #7: Lobby aggressively for more resources in Washington D.C. and Madison.** It is imperative that the city of Milwaukee make the case to state and national authorities that investing in Milwaukee makes economic sense. A strong economic development plan (see policy #1)

could be the catalyst needed to funnel more dollars into the city.

*Example: Menomonee Valley Partners, Milwaukee.*

Starting in 1999, the city began implementation of a plan to bring jobs and recreational opportunities back to the heart of Milwaukee. This plan leveraged local investment (TIF) to attract large federal, state, and private financial commitments. Broad community support, an inclusive and sustainable plan, and buy-in from Wisconsin's congressional delegation all helped make this project a reality.

**Policy #8: Increase investment in "high-growth" sectors of the economy.** The city should focus investment in those industries with the strongest potential for future employment growth. One idea is to partner with area universities (UWM, Marquette, Milwaukee School of Engineering, Medical College of Wisconsin, etc.) and research groups (TechStar, Biomedical Technology Alliance, etc.) to form a business incubator or technology transfer campus.

*Example: Business incubation efforts, Austin, Orlando, and St. Louis.* Business incubators support entrepreneurs to generate new products, patents, jobs, and private investment. The city of Austin (Austin Technology Incubator), the city of Orlando (University of Central Florida Technology Incubator) and the city of St. Louis (Center for Emerging Technologies) all have provided financial contributions to create incubators.

## Conclusion

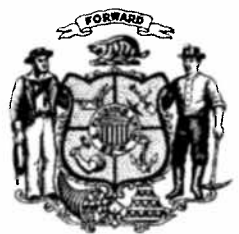
The city of Milwaukee has a role to play in the economic development of the region. The question is: what is that role? The city needs to answer this question by creating a long-term economic plan that takes maximum advantage of its impressive array of flexible development tools.

Reversing the entrenched economic malaise of the city and the region will not be up to municipal governments alone. In fact, the public sector works at the margins of the macroeconomic forces that are currently deindustrializing the Great Lakes economy. But this should not be an excuse for inaction. The city of Milwaukee spends millions to stimulate development every year. It is critical that we make sure our expenditures provide a solid return.

For full report,  
please visit  
[www.publicpolicyforum.org](http://www.publicpolicyforum.org)



WISCONSIN STATE LEGISLATURE



AI - send <sup>News</sup> rpt  
to Tom Hefty

2/21/06 Tom Hefty on Econ. Devel. Audit

- Need to be centralized
  - accountability
  - tracking
  - focus spending
  - specific industries

- Application/forms too cumbersome

- 2 areas not covered

1) WHEBA/WETA - finances Med. College Research Bldg.

Fed. Reserve data shows there is a brain drain in WI

Mark Cullen, Jamesville - Competitive Wt  
Rolf <sup>of Enrich (Waukesha Sup.)</sup>

Use an "Authority" model

\* WHEBA Audit - always been a mess in terms of Econ. Devel

\* pg 12-13 of "Medium for Devel - the charts"

AS  
 found  
 1st copy of  
 • Show Wt Rpt - Good  
 • Medium for Wt - Poor

Susan Galton - Prog. Mgr.  
 Ericas Kauten - just returned  
 • trying this



\* SCOM - MM -

13 IB - CO - research B's from DOD  
- CA

JW

(Bombing)

Bar since 1970 on Defense classified research

- TH - most harmful EA policy
- No inflicting any growth

- 1955 WE was a head of the fact w B's

-- Faculty vote  
on Madison  
campus  
- Reguts app

8/29/06 Econ. Devel. Program

(1)

• LAB - Jeff Ripp + Jan

- implement the easier recommendations
- developing more meaningful recommendations - will require more work + people -
- meaningful data is difficult

CA 10 recommendations - not fully inclusive

JF - Not surprisingly difficult to assess programs, JFC often takes a leap of faith. Eager to rein in budget

- What about fraud + abuse?

↳ always look for - can't say we found any - tried to use proxy measures to

- only found 2 instances

↳ projected results only reported, makes difficult to assess but just b/c economy improving doesn't necessarily mean a particular program

ST - Didn't see in audit when we put #'s into recruiting businesses from other states or countries

↳ only 10'd one program - Forward WE, but didn't discuss program in detail

↳ SOC may thru "Div. of Int'l Affairs" - Many agencies involved in trade missions

↳ tension that runs through the report - wanting to target programs, but not say "you live in wrong part of state"

MM. Intrigued by MN example.

SK

RC CAPCo, David Zorn, loan to Miles B

→ Carlos

- Are we stuck with this
  - ↳ can't be terminated at this time
  - ↳ internal audit underway by Commerce
  - ↳ CAPCOs did meet statutory requirement

- Pg. 81 - Devel. Zones - shouldn't we stop these now?

CR - this is a risk business - but we do need better evals.

---



Sec. Burke

Comm has 7 ADMs - Area Devel. Mgrs

Partner closely w/ Econ Devel. Specialists, WEN, WEDA

S.J. - Do you think there should be a single point of entry for Econ. Devel.?

↳ thinks that the WEN is that entry point - we should be building on that resource

- Kevin Reilly
- Dan Clancy
- WEDA

- need to look at broad definition
- need flexibility to work w/ each region's differences
- # of jobs is an outdated measure - shrinking workforce
- sustain & grow existing companies
- utilize same metrics across all programs

# Brookfield Suites



HOTEL & CONVENTION CENTER

## Tom Still

- Econ Devel. - Wauk. Cnty - twice as many patents than any other county
- Waukesha Cnty is a mfg. county - need eng. degrees
- 3 ways mfg. aids
  - 1 - UWM underfunded
  - 2 - 50% saved by priv. college - 50% rest of state
  - 3 - CASE report - undergrad degrees
- 33% of 50 in undergrad degrees
- Mid 30's in grad degrees in Engineering  
↳ 2nd in country for mfg.
- Waukesha Cnty 8th in 10 counties
- mfg. 2nd from bottom
- 8th in country - dual earn. households
- Masters degree in Engineering is the new MBA

## Doug Hasted

- BS/BA - \$23K, Masters \$50,000 extra ope.  
HS only.
- Native MN
- 1980's - MN & WI very similar
- Today - same pop., per capita \$31K higher, 150K more  
the day.

## Gerard Randal

- 1) UW Bldg program - jobs
- 2) UWS must be a catalyst
- 57M sq ft 1987 vintage      \$ 1.2B mfg. sales  
mfg. lagged

1200 South Moorland Road • P.O. Box 1463 • Brookfield, WI 53008-1463  
262-782-2900 • 262-796-9159 FAX

-GPR = 1.065B in 03-04  
906M in 03-06

\*426M in 03-04

- 234 - PR Gov
- 53 - Grants/Grants
- 56 - GPR

- Madison always leap frog others b/c we get the gift funding others don't

- 1) Bldg.
- 2) STEM education - produce good teachers
- ? Midw Partnership Academy
- \* SOM to MPS to help students

Sara White (replaced Rita Chang - Uwm)

55% day / night - 10 to higher  
33% of job opening in mid area required Bacc degree

- Workforce is #1 asset - don't have, won't attract new business
- need to educate entrepreneurship
- incubating new companies
- work w/ existing employers
- licensing

? Role of TC: GR - course transfer, remedial education  
SW - skilled labor force  
TS - we #1 in country on 2 yr college

? Growth in MN - factor of their Ed. system or attraction of business? : MN - in a highly educated state, creates an environment that supports the business - Big diff in putting of commitment to K-12 + higher ed.

? Why Regents paralyzed - 4 yr/2 yr - Uwm/OWU : GR: 100% turnover in Regents in last four years - no consistency/continuity. Don't think we have the resources to do it. Midw School of Eng. . . . We need private business to step up & help so midw can leap frog other projects

? Support of focus on Bldgs . . . : GR - technology

\* Transfer of Credits - How does it work in MN?

Uwmad - top 5 in country for PhD's  
? How bring MPS to where they sit : GR - preparing teacher how to get kids to come to school 4-12 programming that meets their needs, tutors, software

Nov 6, 2006

### Item 6 - largest item

- audit did identify some programs that haven't been active
  - ↳ could do in first piece of legis
  - ↳ DOC had tried to do some stuff in 2005-07 budget
- <sup>Appendix</sup> pg 1-23 thru 26 (97-108)

### Item 12

#### Item 1 - (pg 90)

- one stop shopping (maybe item 5, pg 117)

#### Item 9

- write a follow-up letter - zero in expectations for 2/07
- follow-up report
- LFB - Bob Lang/Ron Shanovich - mtg!

#### Item 2 (pg. 112)

- Do you want Commerce to have a stronger role in "one-stop" Econ Devl programs
  - is WI Entm Network filling that role
  - ? what is DOC doing to coordinate/plan

#### Item 3 & 4 - do together

- biennial report - not fiscal biennial - Jan 1, odd year
  - ↳ create / need of language in item 4
  - ? comprehensive vs manageable?

- Need to clarify what direction to go in
- Eliminate old prog. now?
  - ↳ Appendix 5
- Discuss w/DOC after a /1 draft.

Vince (Ballweg)  
# lunch =

### Next Week

- Tues - Best Prac - Emergency Mgmt (Funding, Plans)
- TH/F - CWD

### MATC

- ongoing follow-up - except for SFP - amp
  - authorized look at personnel policies + prac.
  - Early OT
- Reports Agenda this month

11/8/06

414-305-0836

Inter-agency advisory group to advise

- DOC, UW, WTCS, Tom Still, Mike Flannigan

→ Jason Fields

in Madison

John Neis (Venture Investor)

(AL) - call Mary Burke to see if

DOC

UW

WTCS

Tom Still (Mike Flannigan, John Neis)

3 R ?

3 D ?

10

Garry Murphy  
"New North"  
(Kathy Siefert)



9/9 11.00  
11.30

Milwaukee area 180M

Madison 276M 1<sup>st</sup> in Country

Education: - 5000 IT jobs

• MN + IL - higher % of Baccalaureate degrees

- Avg 26.5%

- WI 25 - keep 80% of OW grads

- MN 31

- IL 30

- higher in TC degrees

- hard to attract young people from other states

• Classified R/D dollars

- will get 500K to set-up the WSRC

6.45-7.35 Economic Development - Notes

1/24/07

- Ask Sue if she is still interested in pursuing legislation through Audit Committee or if only pursuing w/ Pat's group.

↳ Notes from meeting w/ Sue, LAB, Pam S & Carol (Kan)

- Recommendations -

- Pg 90, Pg 112, Pg 113, Pg 116, Pg 117

- Other States - pg 111-113

+ Kansas, So. Carolina, Michigan

Emphasis on comprehensive planning

+ Illinois (pg 116) - reporting requirements on progress

+ MD (pg 117) - Reports from all types of business subsidiaries  
from all <sup>gov't</sup> sources compiled + avail online