

Increasing Public Investments in Economic Development

Community Indicators are intended to stimulate thoughtful dialogue about your community. They can help identify potential issues, opportunities and problems facing your community. This communication piece is also intended to increase use and understanding of readily accessible demographic data on the web.

COMMUNITY INDICATORS

Center for Community Economic Development
University of Wisconsin Extension
610 Langdon Street, Room 334
Madison, WI 53703
(608) 265-8136, cced@uwex.edu,
<http://www.uwex.edu/ces/cced/>

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By: Andy Lewis

For a copy of the LAB report titled, "State Economic Development Programs, see:

<http://www.legis.state.wi.us/LaB/reports/06-9full.pdf>

For a list of links to County/Regional Economic Development Corporations in Wisconsin, see:

<http://www.uwex.edu/ces/cced/edcorplist.htm>

It's a statement heard often at economic development conferences: "*The government doesn't create economic development activity....the private sector does!*" The fact of the matter however, is that public policies and investments certainly influence the level of economic development activity. Based on a recent legislative audit, we know that the State of Wisconsin has spent \$152.8 million on economic development programs for the period of 2003-2005. Local units of government (Counties, Cities, Villages, and Towns) spent \$701.2 million during the 2003-2004 time period). The report however, provides no indication as to whether or not this level of spending is going up or down.

When it comes to County government, most of our Counties in Wisconsin make investments in not-for-profit economic development corporations focused on economic development activities (at either the County level or regional level). Others make economic development investments within County Departments.

Recent expenditure reports from Counties, indicate that County government in Wisconsin is spending on average, about \$10 per capita on economic development activities. In 2004, these public investments ranged from a high of \$31.80 per capita in Rusk County to a dime or less per capita in Buffalo, Manitowoc, Vernon, and Menominee Counties.

County Expenditures on Economic Development Activities (2004)

≤ \$1 Per Capita:

Buffalo
Dodge
Fond du Lac
Green Lake
Jackson
Manitowoc
Marquette
Monroe

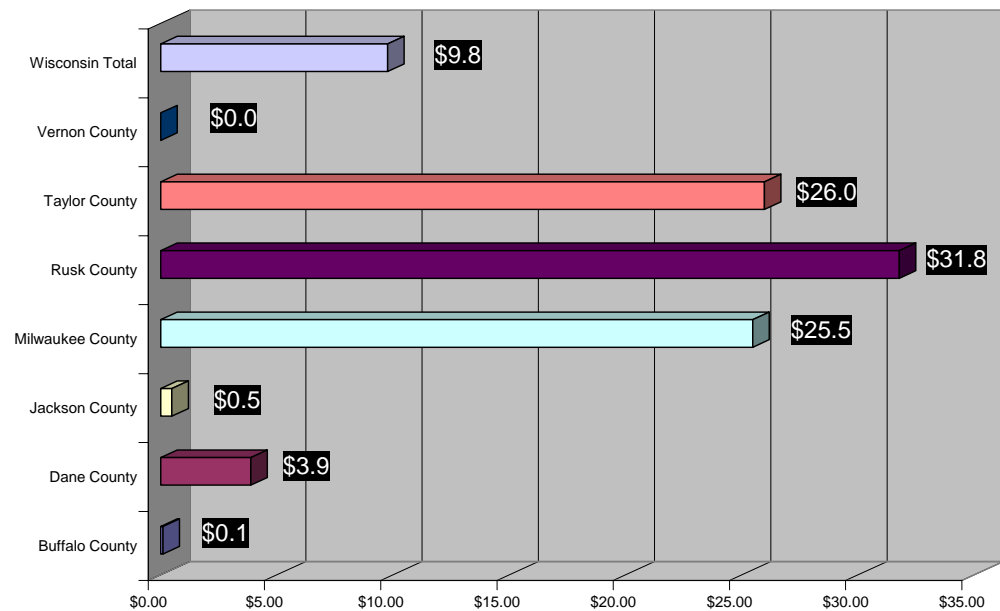
≥ \$20 Per Capita:

Chippewa
Green
Iron
Kewaunee
Marathon
Milwaukee
Rusk
Taylor

County Expenditures on Economic Development Activities (2004)
≤ \$1 Per Capita (Continued...):

Sheboygan
 Trempealeau
 Vernon
 Winnebago
 Menominee

Per Capita County Expenditures on Economic Development (2004)



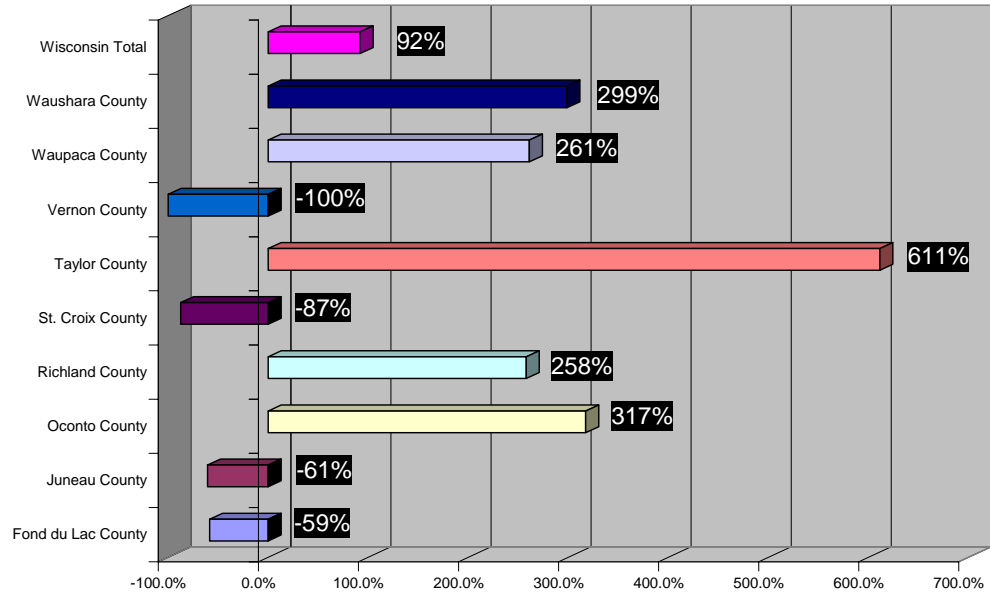
For a copy of an Excel Worksheet with data and charts on County economic development expenditures (2001-2004), see: http://www.uwex.edu/ces/cced/documents/ed_expenditures.xls

The Excel worksheet allows you to select the counties you are interested in and generate graphs like these.

In 2001, there were only 15 Counties that were spending more than \$10 per capita on economic development activities. Three years later, 23 counties had expenditures exceeding \$10 per capita. The average County spending in this area increased from \$5.20 per capita to \$9.80 per capita during that time period.

While there is some flexibility in how County expenditures are reported, there were substantial increases in spending on economic development activities. On average, Counties increased spending in this area by 92% between 2001 and 2004. There were some wide swings in spending that could be influenced by one time spending allocations. For example, in Kewaunee County, spending on economic development activities increased from \$15,717 in 2001 to \$559,341 in 2004 (an increase of 3,458%). Twenty five counties (35%) reported decreased expenditures on economic development activities.

County Expenditures on Economic Development (% Increase 2001-2004)



The following examples provide more details on the kinds of economic development activities that are included in this line item on the expenditure report:

LaCrosse County Economic Development Expenditures:

Expenditure Item	2001	2004
Revolving Loan Fund	\$15,035	\$510
Miss. Regional Planning Commission	\$71,466	\$56,749
La Crosse Area Development Corporation	\$38,964	\$34,462
Lakeview Industrial Park (County match towards grants)		\$1,123,197
Park Plaza Redevelopment Project (Portion financed by County)		\$115,075
Total	\$125,465	\$1,329,993

In this example, LaCrosse County had a couple of exciting economic development projects in 2004 that were leveraged by grant funds (Development of Lakeview Industrial Park and redevelopment of Park Plaza). County support for E.D. organizations like the Regional Planning Commission and Economic Development Corporation actually declined.

Chippewa County Economic Development Expenditures:

Expenditure Item	2001	2004
Farm Technology Days	\$0	\$40,000
Chippewa Valley Technical College Job Center	\$0	\$752,000
State Revolving Loan Fund Expenditure	\$159,724	\$452,947
Local Revolving Loan Fund Expenditure	\$0	\$104,000
Misc.	\$103,716	\$129,285
Total	\$263,440	\$1,478,232

The increase in Chippewa County can be attributed to one time expenditures in 2004 for the one-stop job center and increases in expenditures from existing revolving loan funds.

As an example of reporting issues, Taylor County expenditures increased from \$72,556 in 2001 to \$516,147 in 2004. Upon further review, the Public Housing Authority funds (\$300,000) were included in the 2004 line. Taylor County doesn't have an industrial park, incubator building or any one-time costs. Taylor County is reporting that 2005 expenditures are \$123,300 and that this is more reflective of how much they have been spending annually on true economic development programs.

It is important to note that this analysis only examines public expenditures by County government. As illustrated in the LAB report, County expenditures are actually dwarfed by expenditures by Cities. A future issue of Community Indicators will focus on expenditures by towns, villages, and cities.

**Local Economic Development Expenditures
(In Millions)**

	2003	2004	Total
Cities	\$243.2	\$259.7	\$502.9
Villages	37.9	57.6	95.5
Counties	37.2	54.1	91.3
Towns	5.7	5.8	11.5
Total	\$324.0	\$377.2	\$701.2

Source: County and Municipal Revenues and Expenditures, Wisconsin Department of Revenue

Some regional economic development activities are also supported by private funding sources. In Dane County for example, the Dane County Collaboration Council is trying to establish a regional Economic Development Corporation that will receive 90% of its funding from private sources. To date, they have raised over 2 million dollars in private funds towards that goal.