



Survey of Local Economic Development Organizations

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A survey of Local Development Organizations (LDO's) was conducted in Spring of 2002 by the UW-Center for Community Development and the Wisconsin Economic Development Institute (WEDI) in partnership with the Wisconsin Economic Development Association (WEDA).

Given the economic fluctuations of the past few years, economic development (ED) has become a dominant theme for discussion in the popular press and by the legislature. How does economic development happen in Wisconsin and who does it? The survey was designed to help describe and quantify the amount of economic development effort at the local level in the state.

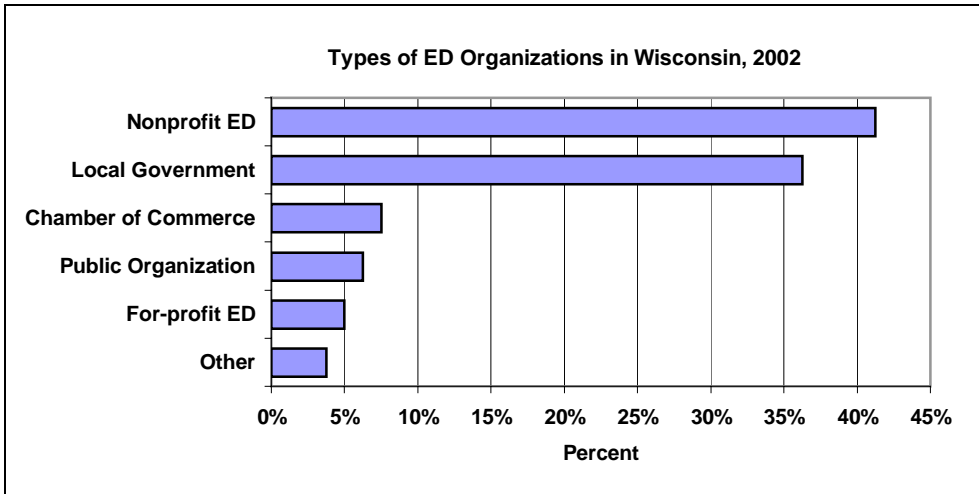
The survey found that new jobs and an increased tax base are considered priorities for ED success. The organizations surveyed are focused primarily on business development strategies and most are partnering with local and state government. The survey looked at budgets, funding sources, staffing, salaries, and more, as it examined current economic development efforts in Wisconsin.

This study illustrates the significant collective efforts that are put into ED at the local level across the state. Resources total \$200 million dollars a year to operate ED organizations in Wisconsin. For these organizations, the top business development strategies include expanding existing industry and retaining existing industry.

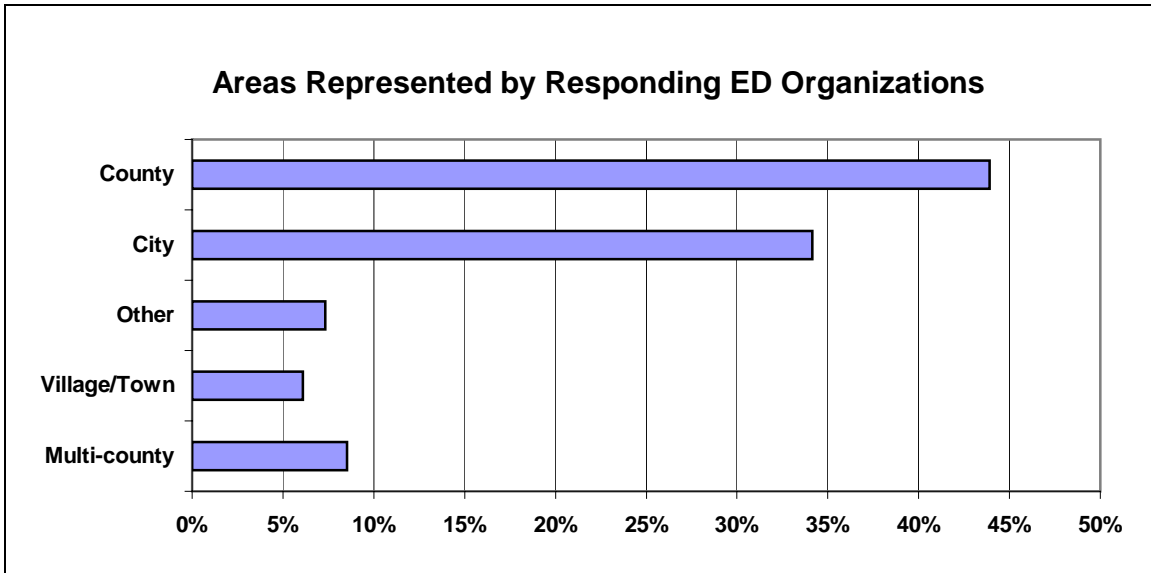
There are a large number of Local Development Organizations (LDO's) in the state. For example, WEDA, the professional trade association for ED in Wisconsin, has almost 500 members. However, not all practicing ED personnel are members of WEDA. A good estimate is that there are 800 to 900 ED organizations throughout the state. This study used a systematic random sample of the entire universe of ED organizations in Wisconsin to select the questionnaire recipients. Given the number of surveys returned, survey results are 95% accurate within +/- 10%.

Most of these organizations in Wisconsin are structured as nonprofit economic development organizations (41%) or are a separate function within a local government (36%). For those organizations not affiliated with a local unit of government, organizational status was reported as:

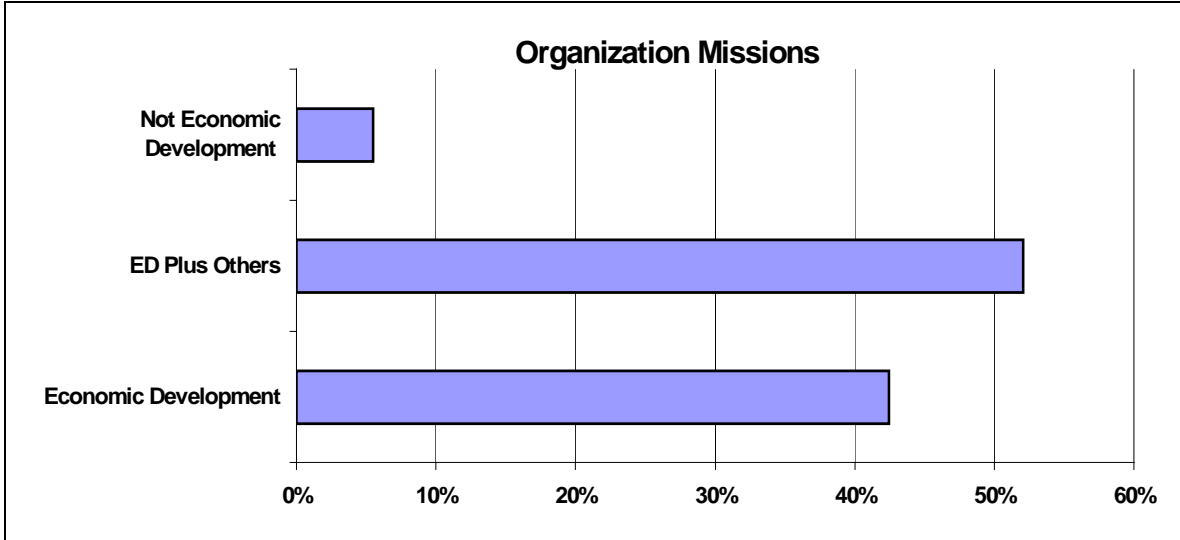
- 31% - 501(c)(3) charitable, educational, religious, scientific or literary
- 21% - 501(c)(4) social welfare groups
- 48% - 501(c)(6) trade associations



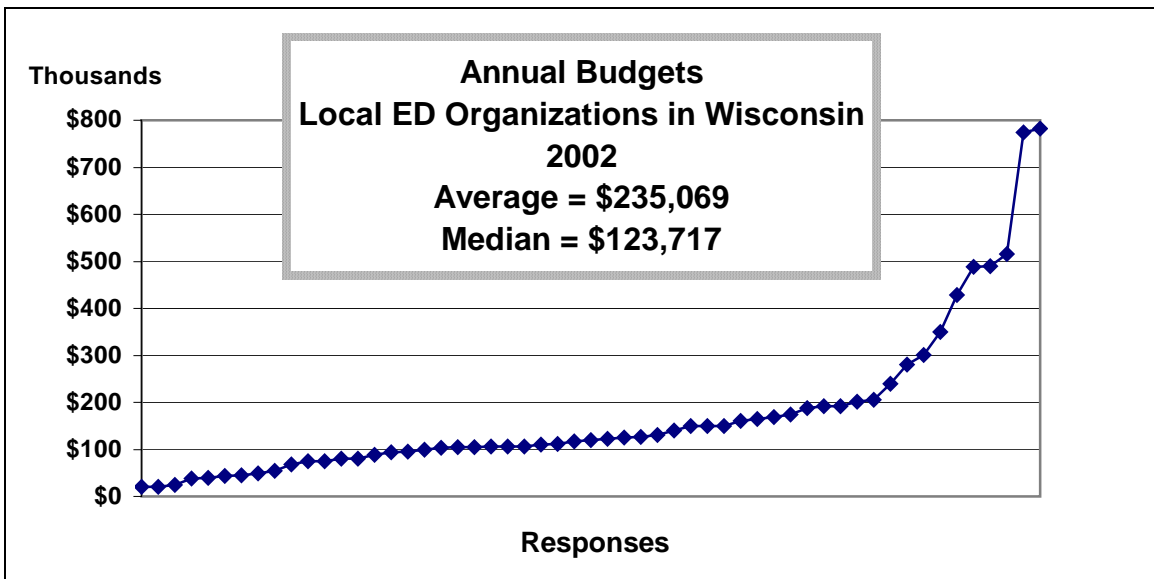
Of the total number of ED groups in the state, approximately 60 are countywide organizations; virtually all cities and villages over 10,000 in population have one (in total, there are 73 local communities of that size in Wisconsin); some towns do; and a growing number of neighborhood organizations have set up such a group, usually addressing a specific local problem area.



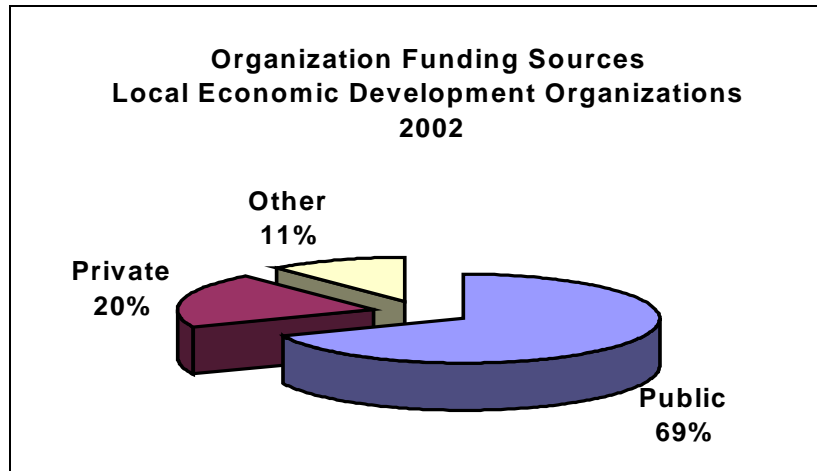
These ED groups exist mostly for ED purposes (95%), but half the time they have other missions as well. Historically, these organizations have been involved in ED since the early 1980s, for the most part.



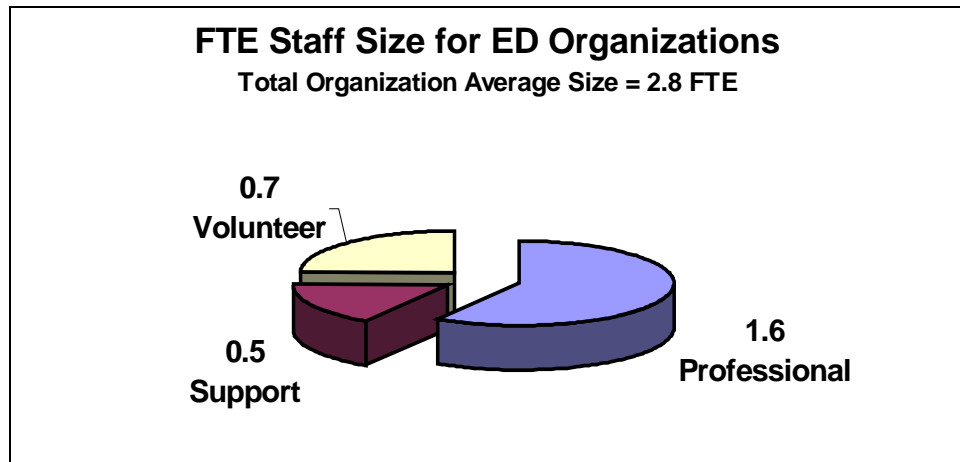
ED budgets range from virtually all volunteer to between one and two million dollars. These larger budgets include amounts for major programs such as labor force development and local revolving loan funds. They average just over \$235,000 per year and have a median of almost \$124,000. At \$235,000 per organization per year and extrapolating to 850 entities, about \$200 million dollars a year is spent to operate ED organizations in Wisconsin.



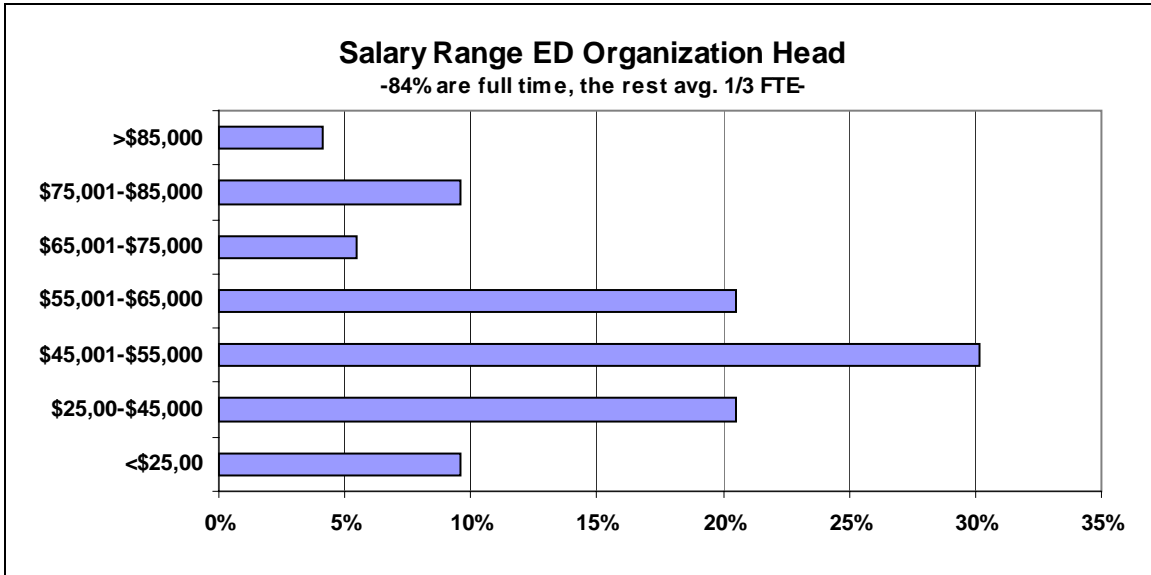
Approximately seventy percent of the funding for these ED organizations comes from public sources of all types.



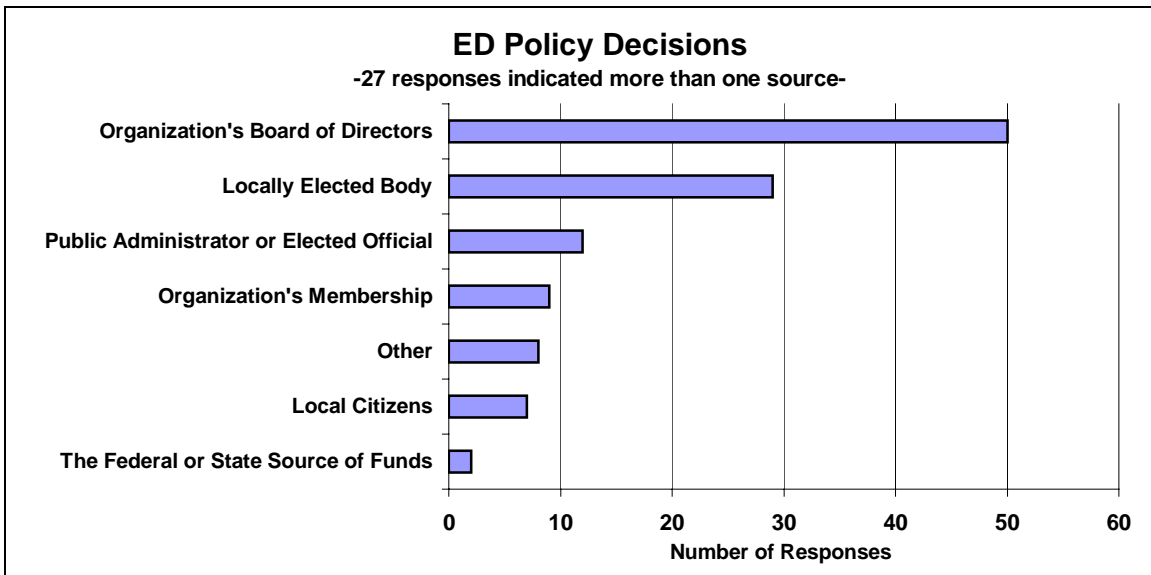
With generally small budgets, therefore, it is not surprising that ED staffs are small, averaging 2.8 FTE's (full-time equivalents), including volunteer help.



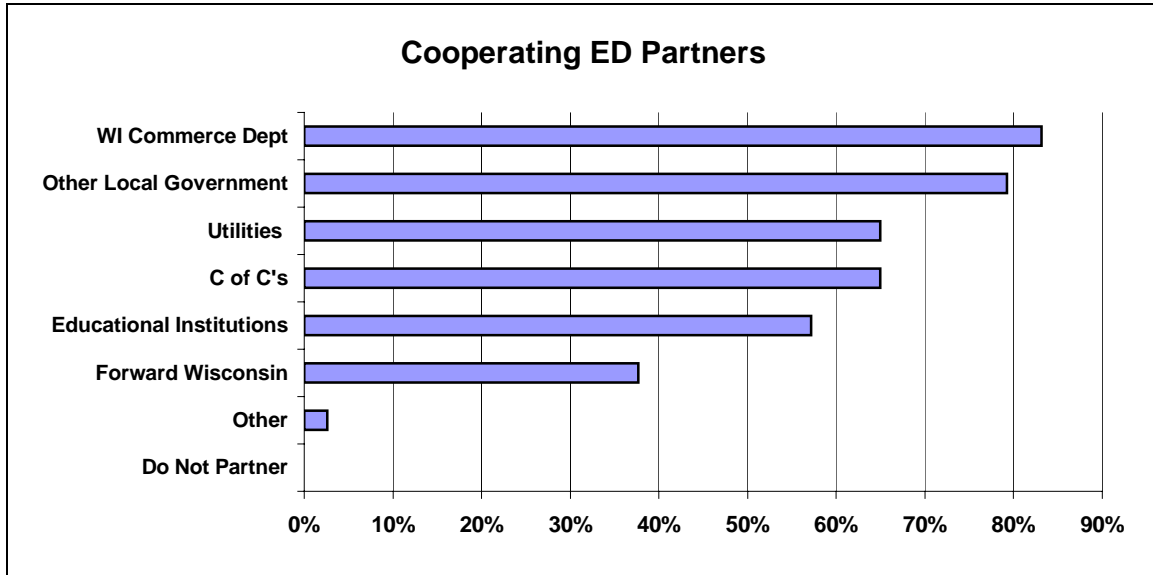
The person heading up these efforts is typically employed full-time, with a salary in the \$45-55,000 range, but salaries range from less than \$25,000 to over \$85,000. Most of the survey participants have fairly long tenures, having been in ED for 12 to 13 years and in their current position an average of eight years.



In pursuing their economic development objectives, most of these organizations (about half) have their policies directed by a board of directors, which average 14.4 members in size.



In trying to accomplish their missions, most of the local LDO's (roughly 80%) partner with units of government, either the state or local governments. Utilities and local chambers of commerce are participants approximately two-thirds of the time.



For those responding to the survey, business development strategies, whether retention, expansion or recruitment, continue to dominate ED organization activities. Some of this may, however, be reflective of the recent economic slowdown and its subsequent impact on plant layoffs and closings.

| ED Organization Strategies | Priority | | | Combined |
|----------------------------------|----------|-----|-----|----------|
| | 1st | 2nd | 3rd | |
| Diversification of Economic Base | 12% | 6% | 8% | 9% |
| Tourism | 4% | 6% | 8% | 6% |
| Housing Development | 2% | 2% | 6% | 3% |
| Downtown/retail revitalization | 4% | 4% | 6% | 5% |
| Obtain grants & other resources | 2% | 4% | 2% | 3% |
| Attract Governmental Facilities | 0% | 2% | 0% | 1% |
| Business Financing | 10% | 6% | 8% | 8% |
| Retain existing industry | 42% | 12% | 16% | 23% |
| Expand existing industry | 16% | 42% | 10% | 23% |
| Recruit new business & industry | 4% | 14% | 26% | 15% |
| Provision of job training | 2% | 0% | 2% | 1% |
| Entrepreneurial encouragement | 0% | 2% | 6% | 3% |
| Other | 2% | 0% | 2% | 1% |

New jobs and increased tax base overwhelmingly dominate the criteria used to evaluate ED success. They are the two highest categories in both first and second priority. Capital investment increases are an important third priority measure.

| Measuring ED Success | Priority | | |
|-----------------------------|----------|-----|-----|
| | 1st | 2nd | 3rd |
| Job creation | 48% | 21% | 8% |
| Tax base expansion | 30% | 31% | 15% |
| Increase wage rates | 7% | 15% | 20% |
| Capital investment | 2% | 16% | 38% |
| Increase job security | 2% | 0% | 5% |
| Reduce poverty | 0% | 3% | 0% |
| Neighborhood revitalization | 0% | 0% | 2% |
| Did not measure results | 11% | 11% | 11% |
| Other | 2% | 2% | 2% |

*University of Wisconsin, U.S. Department of Agriculture and Wisconsin counties cooperating.
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