

Center for Community and Economic Development



November, 2014

Local Government Economic Development Expenditures Drop Significantly in Wisconsin

By Andy Lewis

When the State of Wisconsin was auditing economic development programs in the state back in 2006, the CCED authored a [“Community Indicator” that examined County expenditures on economic development activities](#). 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. In 2004, using expenditure reports from Counties, we determined that on average, Counties were spending about \$10 per capita on economic development activities. With the recent focus on job creation efforts, it seemed like a good time to review expenditures by not only Counties, but local municipalities (cities, villages, and towns).

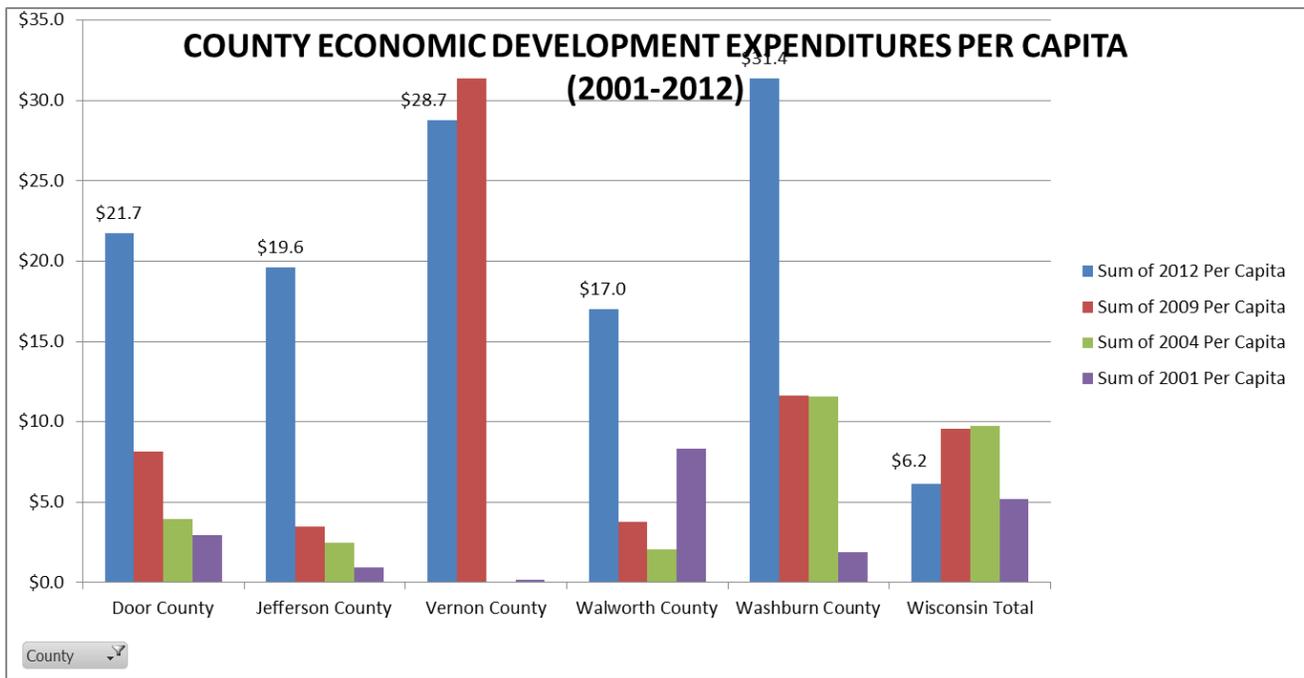
First it’s important to point out that there is no consensus on the definition of economic development. That was actually one of the conclusions in the 2006 state audit of economic development programs in Wisconsin. But all municipalities have to report their expenditures to the Wisconsin Department of Revenue and they are given instructions on where expenditures should be reported. While there may not be consistencies in interpreting or following these instructions, the following line items were examined for the most recent County expenditure reports (2012):

Line 128-56700 – Economic Development - This entry includes expenditures for development projects, federally assisted job training and employment programs, and other economic purposes. Payments for advertising the advantages, attractions, and natural resources of the county are reported here. ***It should be noted that all but three of the 72 Counties (Buffalo, Jackson, and Menominee) reported expenditures on this line in 2012***

Line 209-56700 – Economic Development This entry includes expenses for fostering economic growth and development within the county; including such activities as economic and industrial surveys, advertising the advantages of the county, financial assistance to new business, activities of an industrial development agency, and acquisition of industrial sites which are accounted for in the proprietary fund types. ***It should be noted that Chippewa County was the only County reporting expenditures on this line in 2012.***

Given the recent focus on jobs, some might be surprised to learn that county expenditures on economic development activities decreased from \$9.80 per capita in 2004 to \$6.20 per capita in 2012. In total dollars, County spending on economic development activities declined from \$54,004,452 in 2004 to \$35,157,260 in 2012. This represents a significant decline of almost \$19 million dollars or -34.9%. Adjusted for inflation, Counties would have had to have spent \$65,885,431 just to keep the level of funding stable, or said another way, County spending for economic development expenditures, adjusted for inflation, declined by 46.6%. In fact, most of the decline in spending occurred between 2009 and 2012 when county spending went from \$54,452,270 to \$35,157,260. **Adjusting for inflation, County spending on economic development activities declined by more than \$23 million, or 39.6% in just three years.** While much of these reductions can likely be attributed to the great recession when Counties were faced with laying off employees and cutting budgets, some would argue that this was also the time that we needed to invest in job creation activities.

And while per capita County economic development expenditures went from \$9.80 in 2004 to \$6.20 in 2012, there were 31 Counties that had a per capita increase in economic development expenditures with Washburn, Vernon, Door, Jefferson, Door, and Walworth leading the way. Many of these increases were likely tied to specific one-time projects.



The 2006 community indicator analysis only examined County expenditures. A re-examination including expenditures by cities, villages, and towns, provides a significant addition and complexity to the analysis. For this analysis the following budget lines were examined for towns, villages and cities:

128-56700 – Economic Development - This entry includes expenditures for fostering economic growth and development within the municipality; including such activities as economic and industrial surveys, advertising the advantages of the municipality, financial assistance to new businesses, activities of an industrial development agency, and acquisition and development of industrial sites.

130-57725 – Economic Development Outlay - This entry includes expenditure outlays to promote private business development, including expenditure outlays for industrial park development.

209-56700 – Economic Development - This entry includes expenses for fostering economic growth and development within the municipality; including such activities as economic and industrial surveys, advertising the advantages of the municipality, financial assistance to new businesses, activities of an industrial development agency, and acquisition of industrial sites operating as an enterprise.

While there are arguments to be made for including other line items in the analysis, this analysis was limited to these three primary categories. Budget lines such as 209-56600 – Urban Development were excluded. This entry includes all operating expenses of urban or community development projects, such as tax incremental and business districts, operated as an enterprise.

As it turns out, county expenditures are dwarfed by the expenditures of cities, villages and towns. In 2012, County expenditures made up only 16.1% of the total economic development spending by all municipalities (Counties, cities, villages, and towns). When combining all spending, our counties, cities, villages and towns were spending \$38.20 per capita on economic development expenditures in 2012. And while not the same comparative years, municipal spending also declined from \$228,279,529 in 2004 to \$182,852,850 in 2012 (**A decline of 19.8% or a decline of 34.3% adjusted for inflation**).

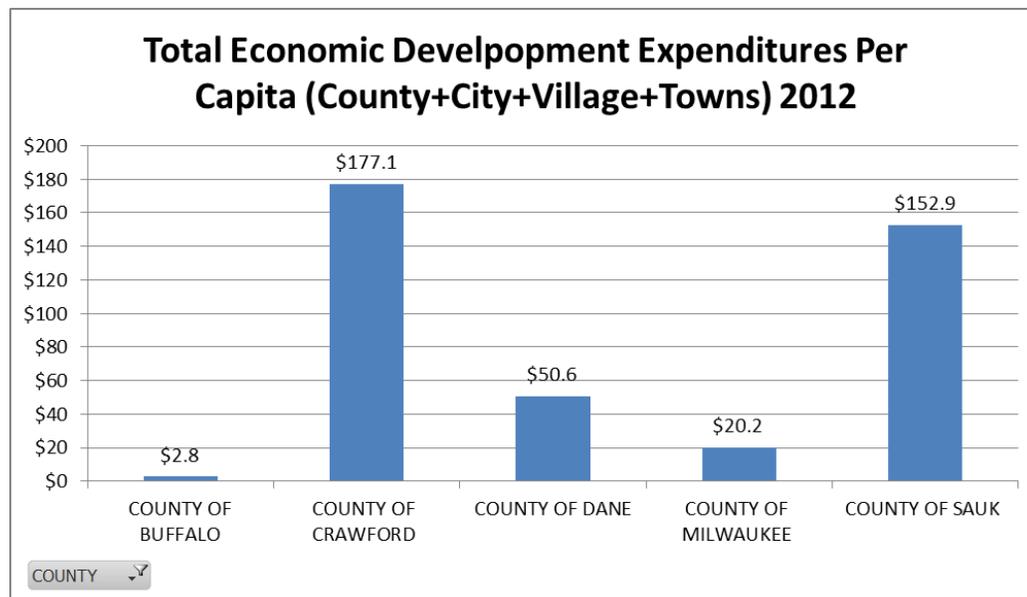
In 2012 there were only 6 Counties spending \$20 or more per capita on economic development expenditures: Washburn (\$31.40), Vernon (\$28.70), Racine (\$23), Florence (\$21.80), Door (\$21.70), and Jefferson (\$19.60). Half of the Counties (36) were spending less than \$5 per capita. This compared to 41 Counties that were spending less than \$5 per capita and 8 counties that were spending more than \$20 in 2004 so it is not the extremes at either end that explain the significant drop in spending.

As mentioned above, spending by towns, villages, and cities dwarfs spending by counties and the state average for all municipalities is about \$38.20 per capita. When you combine County spending with the municipal spending within counties (assigning municipalities that flop overs into multiple counties to just the primary county), total economic development expenditures in 2012 range from \$177.10 per capita in Crawford County to \$0 in Menominee County, with 45 of the 72 Counties spending less than the statewide average of \$38.20 per capita.

**Economic Development Expenditures
(County+Cities+Villages+Towns)**

2012:

Top Ten	Per Capita (\$)	Bottom Ten	Per Capita (\$)
CRAWFORD	\$177.1	MANITOWOC	\$9.2
SAUK	\$152.9	PRICE	\$8.9
LANGLADE	\$111.8	BURNETT	\$7.8
FOREST	\$104.0	DODGE	\$7.5
PORTAGE	\$89.0	SAWYER	\$7.5
COLUMBIA	\$82.0	MARQUETTE	\$5.9
MONROE	\$79.0	KEWAUNEE	\$4.8
ROCK	\$73.0	JACKSON	\$2.9
VILAS	\$68.1	BUFFALO	\$2.8
VERNON	\$63.4	MENOMINEE	\$0.0



[For a copy of the spreadsheet and the ability to create your own graphs selecting the counties you are interested in click here.](#) The last three tabs have pivot charts where you can select or unselect the counties from a drop down menu.