



M&I Central Bank & Trust



Marshfield Area Chamber
Of Commerce & Industry's
Marshfield Economic
Development Association

MARSHFIELD AREA 1996 ECONOMIC INDICATORS

**2nd Quarter 1996
presented**

September 6, 1996

Presented by:

Central Wisconsin Economic Research Bureau

Randy F. Cray, Ph.D., Professor of Economics and Director of the CWERB

Jin Wang, Ph.D., Research Associate

Sherry A. Varga, Administrative Assistant

Special Report: Small Business Assistance Programs in Wisconsin

Mark Stover, UWSP Extension, Office of Outreach Education

TABLE OF CONTENTS

Overview	1
National and Regional Outlook Table 1	2
Central Wisconsin Tables 2-6	4
Wausau Area Tables 7-14	9
Marshfield Area Tables 7-16	14
Special Report <i>Small Business Assistance Programs in Wisconsin</i>	19



CWERB - Division of Business and Economics
University of Wisconsin-Stevens Point
Stevens Point, WI 54481
715/346-3774 715/346-2537
www.uwsp.edu/business/CWERB

Overview

Real GDP grew by 2.8 percent in a year over comparison with Second Quarter 1995. However, the economy picked up a considerable amount of momentum during the last three months of this period when it expanded at a brisk 4.2 percent rate. Another signal the nation's economy accelerated is the 3.9 percent increase in industrial production. In the financial sector, short-term interest rates are lower by 25 basis points from last year, which acts as a stimulus to the economy. Finally, inflation remained under control with prices edging up by only 2.8 percent.

To summarize the unemployment situation, the unemployment rates for the area are at historic 25-year lows. The Central Wisconsin seasonally unadjusted labor force weighted unemployment rate declined from 5.5 to 4.0 percent. Further, this rate is well below the national mark of 5.3 percent.

Likewise, the employment situation for the three-county area is bright. Every county in our region grew at a substantial rate. Portage and Marathon counties experienced payroll increases of 5.8 and 8.7 percent respectively. Meanwhile, Wood county payrolls shot upwards by a very impressive 8.5 percent.

Industrial sector employment also did well over the course of the year. Manufacturing and services expanded to the tune of 2.8 and 2.2 percent. Trade and government added 1.8 and 7.1 percent to their job rosters. In total, these sectors grew from 133.2 to 138.8 thousand positions in Central Wisconsin. Once again, another indication of the vibrancy of the local economy.

Central Wisconsin's major industrial sectors continued to expand over the past twelve months. From a historic point of view, the services sector has increased from approximately 42.5 thousand to 48.1 thousand jobs over the past four years. In contrast, manufacturing employment in the region has gone from approximately 32.5 thousand to 34.0 thousand over the same period. These numbers bring into focus the notion that our economy has become more service oriented in nature.

Business conditions are proxied in the business executive poll taken by the CWERB. The basic belief of this group is that the national and local economies are experiencing slightly stronger conditions than one year ago. Moreover, they forecast that matters will only improve slightly in the next quarter. When the discussion turns to prospects of their particular industry the level of optimism expressed is fairly high from a historic standpoint.

The Marshfield-Wood county economy expanded at a rather fast clip in terms of a year over comparison with Second Quarter 1995. Points of interest in this quarter's report include the very low unemployment rate for the area and the substantial amount of employment growth which took place in the county. Almost all other economic indicators for the region were positive in nature.

National and Regional Outlook

The national economy was surprisingly strong during Second Quarter 1991. The amount of evidence to support this assessment is extensive. For examples of this, consider the amount of job creation, the low unemployment rates, and real GDP growth during the period. This good news, however, has caused financial markets to be rather unsettled. It seems that every time a piece of good economic news is released by the government, the markets decline.

To understand what appears to be an inconsistency, one need not look any farther than the relationship between inflation, interest rates, and expected corporate profits. A robust economic report irritates the minds of market participants means upward pressures on prices and wages. It is believed that this inflation-tainted scenario would not be tolerated for very long by the Federal Reserve. The Fed would react by tightening credit conditions which would have a detrimental impact on future profits of firms. Thus, the investments in stocks and bonds become less attractive and their prices tumble. Because of this chain reaction in conditions, investors will see their portfolios and wealth contract.

Most economists believe that the economy will eventually cool down because the Federal Reserve will be forced to raise interest rates, if not before the election then shortly thereafter. This will cause housing and auto sales to slow. Further, corporate investments in factory, plant, equipment and inventories will also abate because of the tightening. Given that consumer confidence is at a record level and that consumers account for two-thirds of the economy, it will be interesting to see if slightly higher short-term interest rates can indeed slow the economy to a significant degree.

Concerns about inflationary pressures while dominating discussion in the press may in fact be unwarranted. Except for the volatile food and energy sectors, the core rate of inflation remains at less than three percent per year. Domestic and international competitive pressures make it very difficult for firms or employees to achieve any long lasting price or wage increases. Even the increase in the minimum wage to \$5.15, for the most part, affects a very small part of the workforce because even the most basic of jobs pay higher wages than the new minimum. Thus, the impact of the minimum wage on the economy as a whole will be slight.

In a report that was recently released by the Federal Reserve Bank of Chicago it was stated that the Midwest economy has experienced a considerable rebound in its economic fortunes since the bleak days of the early 1980s. Job growth and hiring plans of businesses were used to support this position. The factors cited as providing the foundation for the turnaround were, (a) the decline in real energy prices, (b) declining interest rates, and (c) the lower trade weight value of the dollar. Further, productivity improvement in Midwest manufacturing was cited as playing a key role in the resurgence.

Additionally, the study by the Federal Reserve Bank of Chicago indicated that the Midwest must confront several problems in the years ahead to stay competitive. One item cited was the need to develop more entrepreneurship. The Midwest seems to lag behind the rest of the country in terms of new business ventures. Additionally, the Midwest has a labor force which is aging more rapidly than the rest of the country. This along with a growing economy will mean that labor shortages will become a serious issue in the region. These factors plus the realization that the favorable conditions alluded to earlier are subject to change, suggest that our recent good fortune is not a birthright but something that requires constant vigilance.

**TABLE 1:
NATIONAL ECONOMIC STATISTICS**

	1995 Second Quarter	1996 Second Quarter	Percent Change
Nominal Gross Domestic Product (Billions)	\$7,204.9	\$7,538.1	+4.6
Real Gross Domestic Product (Billions of 1992 \$)	\$6,713.5	\$6,885.1	+2.6
Industrial Production (1987= 100)	121.0	125.7	+3.9
Three Month U.S. Treasury Bill Rate	5.35%	5.10%	-4.7
Consumer Price Index (1982-84 = 100)	152.5	156.7	+2.8

Central Wisconsin

The Central Wisconsin economy experienced much growth over the preceding twelve months. Clearly the surprising strength of the national economy during Second Quarter 1996 added momentum to our local situation. Our seasonally unadjusted unemployment rates plunged in the three-county area while payrolls rose dramatically. Further, regional business executives believe that their firms will be expanding at a decent pace for the remainder of the year.

Unemployment rates took a sharp tumble over the course of the year. Strong job growth across the United States and here at home helped to push rates to 25-year lows. Table 2 indicates that the unemployment rate for Marathon, Portage and Wood counties stood at 3.8, 4.5 and 3.8 percent respectively. These rates are well below the 5.3 percent which was recorded for the nation.

The economy of the nation has been surprisingly robust. The vast majority of analysts did not foresee the strong rebound in activity which took place in the Second Quarter of 1996. This late spurt helped to push employment growth for the year into the stratosphere. Central Wisconsin gained approximately 9,700 jobs from June of last year. This represents a very strong 6.8 percent amount of job growth. The job expansion experienced locally exceeded the rate of increase for the state and nation.

Table 4 gives a breakdown of this job growth for our Central Wisconsin industrial sectors. Job creation was spread among all the industrial sectors, except for construction. The increase in demand for goods and services produced in our area translated into gains of 900 for manufacturing, a higher paying category, and 1,000 positions in the services category. .

Tables 5-A and 5-B depict employment movements in Central Wisconsin's major industrial sectors over the past four years. This quarters report will focus on manufacturing. Manufacturing has increased over the period from 32.5 to 34.0 thousand. A closer examination of the data indicates that nondurable goods manufacturing employment has grown very slowly over this period. Most of the increase in the manufacturing category has come in the form of increases in durable goods manufacturing. Furthermore, Second Quarter 1998 reflects this trend as durable goods manufacturing outpaced nondurable goods production. Nondurables are items that have an expected useful life of less than three years.

Surveys of business people are a useful way to gain insight into the local economy. Our local people believe that the national economy is slightly better than one year ago. At the same time, their beliefs concerning the future can be summarized as being cautiously optimistic. This holds true especially for their particular industry. Given that these individuals know more about their own businesses than anyone else, this is encouraging news for the regional economy.

**TABLE 2:
UNEMPLOYMENT IN CENTRAL WISCONSIN**

	Unemployment Rate June 1995	Unemployment Rate June 1996	Percent Change
Portage	6.2%	4.5%	-27.4
Marathon	4.5%	3.8%	-15.6
Wood	6.5%	3.8%	-41.5
Central Wisconsin	5.5%	4.0%	-27.3
Wisconsin	3.8%	3.7%	-2.6
United States	5.8%	5.3%	-8.6

**TABLE 3:
EMPLOYMENT IN CENTRAL WISCONSIN**

	Total Employment June 1995 (Thousands)	Total Employment June 1996 (Thousands)	Percent Change
Portage	35.8	37.8	+5.6
Marathon	68.9	73.5	+6.7
Wood	37.5	40.7	+8.5
Central Wisconsin	142.2	151.9	+6.8
Wisconsin	2,808.1	2,983.5	+6.2
United States	125,720	133,669	+6.3

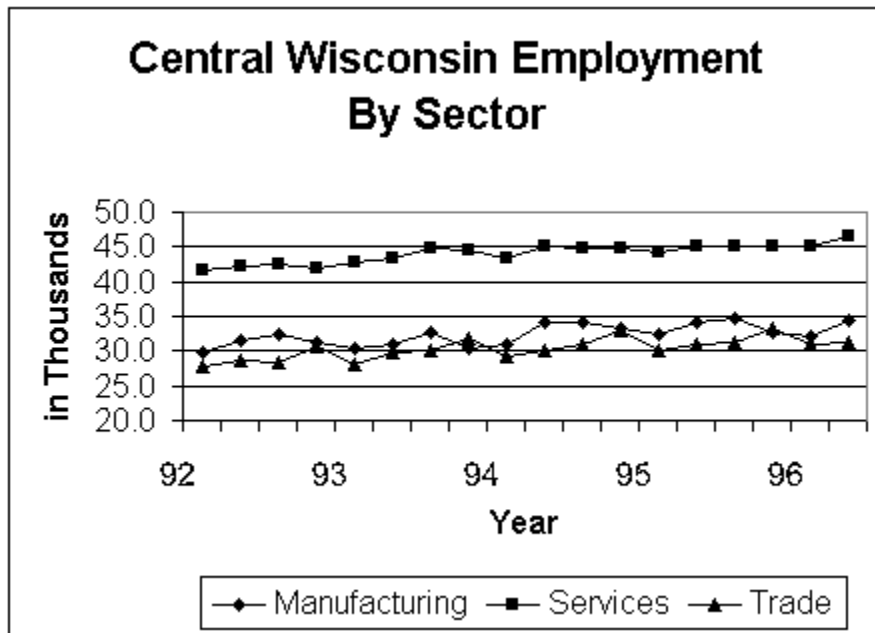
**TABLE 4:
CENTRAL WISCONSIN EMPLOYMENT CHANGE BY SECTOR**

	Employment June 1995 (Thousands)	Employment June 1996 (Thousands)	Percent Change
Manufacturing	34.3	35.2	+2.6
Durable goods	16.9	17.7	+4.7
Nondurable goods	17.4	17.6	+1.1
Services	45.7	46.7	+2.2
Trade	30.7	31.2	+1.6
Construction	5.5	5.3	-3.6
Government	17.0	18.2	+7.1

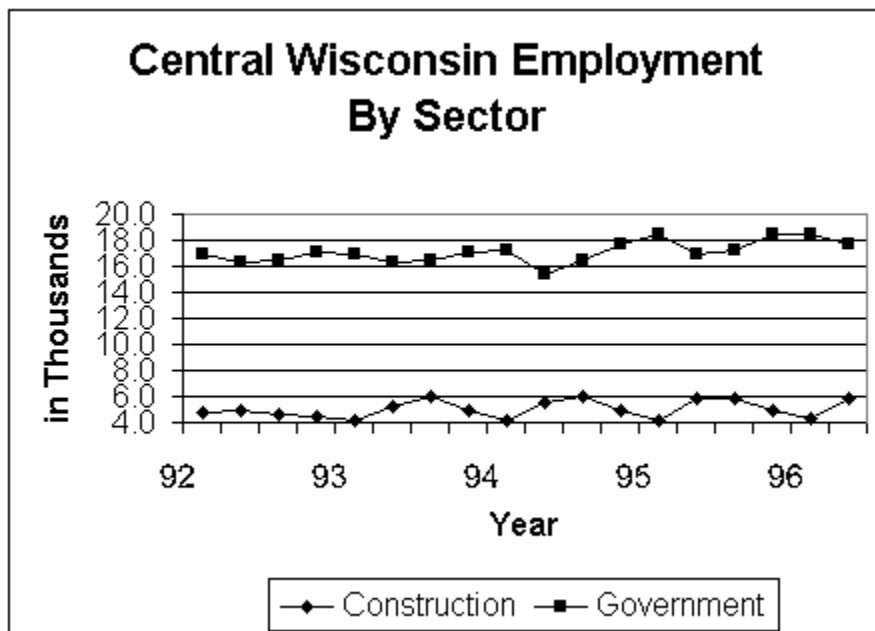
**TABLE 5:
COUNTY SALES TAX DISTRIBUTION**

	1995 Sales Tax Second Quarter (Thousands)	1996 Sales Tax Second Quarter (Thousands)	Percent Change
Portage County	\$649.3	\$739.4	+13.9
Marathon County	\$1,447.4	\$1,510.5	+4.4

**FIGURE 5A:
CENTRAL WISCONSIN EMPLOYMENT CHANGE BY SECTOR--
MANUFACTURING, SERVICES AND TRADE**



**FIGURE 5B:
CENTRAL WISCONSIN EMPLOYMENT CHANGE BY SECTOR--
CONSTRUCTION AND GOVERNMENT**



**TABLE 6:
BUSINESS CONFIDENCE IN CENTRAL WISCONSIN**

	Index Value	
	March 1996	June 1996
Recent Change in National Economic Conditions	40	53
Recent Change in Local Economic Conditions	47	55
Expected Change in National Economic Conditions	52	53
Expected Change in Local Economic Conditions	57	51
Expected Change in Industry Conditions	59	57

Wausau

The Wausau area economy had a strong Second Quarter in 1996. The overall foundation of the economy appears to be on firm ground. For example, the unemployment rate is at or near record lows for the time of year. Total employment is higher by approximately 8.7 percent or 4,800 positions from last year, see Table 1. These numbers speak volumes about the resiliency of the local economy and to a very large degree the surprising persistence of the national economy.

Earlier in the report it was stated that growth of over 4.0 percent in terms of GDP has had a positive impact on the area's employment situation. This impact has been felt in Marathon county. Industrial sector employment rose by almost 3.0 percent from a year ago, or about 1,800 positions. Thus, Marathon county employment has now reached a record 83.4 thousand people.

Retail activity is the final step in the economic process. Retail sales give valuable insight into the job and income circumstances facing local residents. Thus, any assessment of the local economy should include this indicator. Local merchants remained very optimistic with regard to recent activity levels. Further, they are equally upbeat concerning amount of activity they expect to take place in the next three months.

Another indicator of the direction of the economy is help wanted advertising. The index for this year is approximately 13 percent lower than last year. However, the index still remains at an elevated level. Case in point, the 200 reading tells the reader there are twice as many advertisements for employment as in the base year of 1980. Thus, we can expect local payrolls to continue to grow over the next several quarters.

Public assistance claims data in Table 10 are for general assistance requests. Even though the state's W2 plan has not gone into effect at the time of this report, case workers have been putting extra effort in placing aid recipients into jobs. The rationale being that since a major change is likely to occur in the way public assistance is to be handled, it would be prudent for recipients to move off assistance as soon as possible.

Table 11 shows that unemployment claims have fallen by a great deal in the year over comparison with 1995. A healthy local economy provides for a more stable job situation and it also generates additional opportunities for individuals. As evidence of the health of our economy, new claims contracted from 385 to 193 and likewise total claims declined from 2,528 to 1,508.

Table 12 presents the residential construction numbers for Second Quarter. the number of new permits was 70 with an estimated value of \$7.7 million. This activity represents 78 new housing units for the local community. Residential alteration activity as of late has been very brisk. This quarter was no exception to this trend. The number of residential permits reached 353 up from 313 of last year with an estimated value of \$1.9 million.

Nonresidential construction was quite strong for the area during Second Quarter. This type of activity is notorious for being volatile, however, it appears this years results were much ahead of last years. The number of permits was 20 with an estimated value of \$8.1 million. In addition, the number of business alteration permits reached 72 with an associated value of \$8.5 million. This amount of activity bodes well for the future of our local area.

Financial statistics are another barometer of how an economy is performing. Deposit and lending expansion are associated with employment and income growth. For Second Quarter 1998, the Wausau area financial institutions in our sample added nearly \$98 million to deposits for a healthy growth rate of 9.2 percent. Lending also increased by a large amount, \$53 million or 5.8 percent.

**TABLE 7:
MARATHON COUNTY EMPLOYMENT CHANGE BY SECTOR**

	Employment June 1995 (Thousands)	Employment June 1996 (Thousands)	Percent Change
Manufacturing	17.7	18.2	+2.5
Services	20.0	19.8	-1.0
Trade	15.1	15.6	+3.3
Construction	2.5	2.5	0
Government	6.5	7.3	+12.3

**TABLE 8:
RETAILER CONFIDENCE IN WAUSAU**

	Index Value	
	March 1996	June 1996
Total Sales Compared to Previous Year	72	71
Store Traffic Compared to Previous Year	72	72
Expected Sales Three Months From Now	74	70
Expected Store Traffic Three Months From Now	73	71
100 = Substantially Better 50 = Same 0 = Substantially Worse		

**TABLE 9:
HELP WANTED ADVERTISING IN WAUSAU**

	Index Value	
	1995	1996
Wausau (June) (1980 = 100)	232	200
U.S. (May) (1967 = 100)	126	80

**TABLE 10:
PUBLIC ASSISTANCE CLAIMS IN MARATHON COUNTY**

	1995 Second Quarter (Monthly Avg.)	1996 Second Quarter (Monthly Avg.)	Percent Change
New Applications	17	5	-70.6
Total Claims	65	19	-70.8

**TABLE 11:
UNEMPLOYMENT CLAIMS IN WAUSAU ***

	1995 Second Quarter (Weekly Avg.)	1996 Second Quarter (Weekly Avg.)	Percent Change
New Claims	385	193	-49.9
Total Claims	2,526	1,506	-40.4
* Includes Medford Area.			

**TABLE 12:
RESIDENTIAL CONSTRUCTION IN WAUSAU AREA**

	1995 Second Quarter	1996 Second Quarter	Percent Change
Residential Permits Issued	72	70	-2.8
Estimated Value of New Homes	\$8,847.0 (thousands)	\$7,649.0 (thousands)	-13.5
Number of Housing Units	118	78	-33.9
Residential Alteration Permits Issued	313	353	+12.8
Estimated Value of Alterations	\$1,687.7 (thousands)	\$1,868.6 (thousands)	+10.7

**TABLE 13:
NONRESIDENTIAL CONSTRUCTION IN WAUSAU AREA**

	1995 Second Quarter	1996 Second Quarter
Number of Permits Issued	18	20
Estimated Value of New Structures	\$4,243.4 (thousands)	\$6,137.8 (thousands)
Number of Business Alteration Permits	33	72
Estimated Value of Business Alterations	\$2,477.0 (thousands)	\$8,595.6 (thousands)

**TABLE 14:
FINANCIAL STATISTICS FOR MARATHON COUNTY**

	1995 Second Quarter (Millions)	1996 Second Quarter (Millions)	Percent Change
Bank Deposits	\$1,060.0	\$1,157.5	+9.2
Bank Loans	\$911.5	\$964.8	+5.8

Marshfield

The Marshfield-Wood county area has experienced a great deal of economic growth over the past twelve months. Highlights of this quarter's report include: a very low unemployment rate for the area: an estimated 8.5 percent increase in total employment: a nearly 5.0 percent increase in industrial sector payrolls: increased optimism on the part of local merchants; and a 43 percent jump in help wanted advertising since June of 1995.

Strong labor market conditions are evident in Wood county. Industrial sector employment rose by a very robust 1,900 positions or 4.7 percent in the year over comparison with Second Quarter 1995. Strength was widespread throughout the economy. Services sector growth was particularly impressive during Second Quarter. Likewise, manufacturing and government payrolls were well above last year's totals as presented in Table 7.

Retail sector activity represents the last phase in the economic process, that is, it represents the consumption of goods or services by the final user. It is, therefore, of great importance to monitor conditions in this sector. The sentiments of local merchants with regard to activity have turned upwards. Retailers are decidedly more optimistic about sales and store traffic than last quarter. Further, they are much more upbeat with regard to future activity when their responses are compared to last quarter.

Another indicator of how the strong Wood county employment situation has been the steep rise in the amount of help wanted advertising. The index rose dramatically from 231 to 332 or by approximately 44 percent since last year. However, one must remember that firms located outside of the area are advertising in the local area in the hope of finding qualified workers. Nonetheless, the index paints a bright picture of the job situation for qualified workers.

Public assistance claims in Wood county are not yet available for initial applications. Software changes at the state level are preventing the timely release of these data. However, total caseload figures are available and show that little change took place in the county over the course of the past twelve months. In Wood county, the total caseload figure includes assistance in the form of AFDC, MA, and food stamps. Therefore, one individual may be represented several or more times in this figure if they receive more than one type of aid.

Even though the local labor market appears to be on solid footing there are instances of layoffs. The number of new unemployment claims rose from 34 to 65 since last year. This upward movement in new claims has been going on for about the past three quarters. Similarly there was a jump in the total claims and this again reinforces the trend taking place in the series.

Residential construction is affected by a number of factors such as interest rates, population changes, and income growth. Thus, construction activity gives us valuable

insight into economic health of the beat community. The number of Residential permits issued was 12 with an estimated value of \$1.4 million. Dollar-wise, this represents a 15 percent gain. The number of housing units and the number of alteration permits issued were unchanged from last year remaining at 14 and 85 respectively. However, a very substantial gain was registered in the estimated value of residential alterations, 28 percent. The trend to "fix-up" existing structures remains popular among homeowners as an alternative to buying a new house.

The nonresidential construction are by nature volatile. Large projects can cause the number to swing widely from year to year, therefore, percent changes are not given. This quarter's results show that there were 15 permits issued with an estimated value of nearly \$1.0 million. The level of alteration activity shows there were 11 projects undertaken by area firms with an estimated value of \$3.2 million. The largest part of this figure is associated with the interior remodeling of St. Joseph's Hospital.

Table 14 presents financial statistics for the Marshfield area. Deposit and lending data give additional insight into how the local economy is performing. Bank deposits expanded from \$288.5 to \$273.0 million, or by just 1.7 percent. Moreover, bank loans in the area expanded from \$227.0 to \$227.8 million, or by a scant 0.4 percent. In recent past quarters the pace of growth has been more substantial for both categories.

Clark county economic data appears in Table 15. The result for this quarter shows that all Clark's industrial sectors expanded except for government. Manufacturing and trade led the expansion growing by 5.5 percent each. Table 18 displays additional data for rural Clark county. The unemployment rate is now significantly lower than last year and the total number of people employed edged up ever so slightly by 0.5 percent from 1995. Thus, this important market area for Marshfield area businesses continued to move forward, albeit by a small margin.

**TABLE 7:
WOOD COUNTY EMPLOYMENT CHANGE BY SECTOR**

	Employment June 1995 (Thousands)	Employment June 1996 (Thousands)	Percent Change
Manufacturing	10.0	10.6	+6.0
Services	15.3	16.2	+5.9
Trade	8.6	8.6	0
Construction	1.8	1.6	-11.1
Government	4.8	5.4	+12.5
Marshfield Employment Index	142.6	148.9	+4.4

**TABLE 8:
RETAILER CONFIDENCE IN MARSHFIELD***

	Index Value	
	March 1996	June 1996
Total Sales Compared to Previous Year	54	60
Store Traffic Compared to Previous Year	52	55
Expected Sales Three Months From Now	54	63
Expected Store Traffic Three Months From Now	58	60
100 = Substantially Better 50 = Same 0 = Substantially Worse *Data collected by UW Marshfield-Wood County		

**TABLE 9:
HELP WANTED ADVERTISING IN MARSHFIELD**

	Index Value	
	1995	1996
Marshfield (June) (1980 = 100)	231	332
U.S. (May) (1987 = 100)	126	80

**TABLE 10:
PUBLIC ASSISTANCE CLAIMS IN WOOD COUNTY**

	1995 Second Quarter (Monthly Avg.)	1996 Second Quarter (Monthly Avg.)	Percent Change
Total Caseload	2,628	2,640	+0.5

**TABLE 11:
UNEMPLOYMENT CLAIMS IN WOOD COUNTY**

	1995 Second Quarter (Weekly Avg.)	1996 Second Quarter (Weekly Avg.)	Percent Change
New Claims	34	65	+91.2
Total Claims	99	168	+69.7

**TABLE 12:
RESIDENTIAL CONSTRUCTION IN MARSHFIELD AREA***

	1995 Second Quarter	1996 Second Quarter	Percent Change
Residential Permits Issued	13	12	-7.7
Estimated Value of New Homes	\$1,171.9 (thousands)	\$1,350.0 (thousands)	+15.2
Number of Housing Units	14	14	0
Residential Alteration Permits Issued	85	85	0
Estimated Value of Alterations	\$357.4 (thousands)	\$451.0 (thousands)	+26.2
*Data collected by UW Marshfield-Wood County			

**TABLE 13:
NONRESIDENTIAL CONSTRUCTION IN MARSHFIELD AREA***

	1995 Second Quarter	1996 Second Quarter
Number of Permits Issued	15	15
Estimated Value of New Structures	\$660.2 (thousands)	\$936.0 (thousands)
Number of Business Alteration Permits	27	11
Estimated Value of Business Alterations	\$530.2 (thousands)	\$3,158.6 (thousands)
*Data collected by UW Marshfield-Wood County		

**TABLE 14:
FINANCIAL STATISTICS FOR MARSHFIELD***

	1995 Second Quarter (Millions)	1996 Second Quarter (Millions)	Percent Change
Bank Deposits	\$268.5	\$273.0	+1.7
Bank Loans	\$277.0	\$227.8	+0.4

*Data collected by UW Marshfield-Wood County
Note: Figures for four quarters beginning Fourth Quarter 1998 have no previous comparison points due to merger activity in the local area.

**TABLE 15:
CLARK COUNTY EMPLOYMENT BY SECTOR**

	June 1995	June 1996	Percent Change
Manufacturing	2,656	2,801	+5.5
Services	2,190	2,217	+1.2
Trade	2,038	2,151	+5.5
Construction	265	275	+3.8
Government	2,004	1,952	-2.6

**TABLE 16:
CLARK COUNTY EMPLOYMENT STATISTICS**

	June 1995	June 1996	Percent Change
Unemployment Rate	6.5%	5.9%	-9.2
Total Employed	16,110	16,192	+0.5
Total Unemployed	1,114	1,014	-9.0
Labor Force	17,224	17,206	-0.1

Small Business Development Assistance Programs in Wisconsin

Mark Stover
UWSP Extension
Office of Outreach Education

INTRODUCTION

Recently, Wisconsin received a grade of 'A' from a national association for its business development climate, The state received only a "C" for business creation, though. The association based its A' rating on the many government sponsored or supported programs and services offered in the state to help businesses get started and to grow. So why did the state receive only a "C" for business creation?

There are at least two reasons for the low grade on business creation. First, Wisconsin does not have the same level of private capital available to invest in start-up or entrepreneurial enterprises that other states have. Second, there are so many programs in the state to assist business development that it is often daunting for a new or early stage entrepreneur to find or even know about the most appropriate resources.

The fact that it is hard for entrepreneurs to find resources is due only in part to the number of options available. The options also change regularly. State supported financing programs have funding cuts or change the criteria for consideration depending on the direction political winds blow. New program leaders take their agencies in different directions. The needs and interests of entrepreneurs change with the changes in the marketplace, technology, social, cultural or regulatory environments.

It is also true that people are bombarded by information in our society. People have to shut out some of the clutter in order to get at what they want at the moment. So even though there are plenty of opportunities and channels for learning about the resources available to assist small business development, people tend not to hear that information until they actually need it. I have no illusions that the entire presentation today will stay with all of you. It is fortunate that it is in written form as well so that this report may serve as a reference for that time when you have a question about what resources are available.

Finally, I also have no illusions about my ability to present detailed data on every program in existence at the present time in Wisconsin. I may miss your favorite program or give it only cursory attention. Please take no offense. While I will lay out major program areas and agencies, my main aim is to give you some insight into how to access information for your later, focused use.

FEDERAL GOVERNMENT PROGRAMS

The scope of this report focuses on small business development assistance programs in Wisconsin. There are a variety of federal programs that provide both financial and technical assistance. However, since there are more than enough program areas to talk about just within the state of Wisconsin, I will limit my discussion of federal programs to just two that are probably the most significant in terms of local impact.

First, the Small Business Administration in Wisconsin is highly active in providing loan guarantees. To understand the difference between a loan guarantee and a direct loan it is useful to think of the SBA as more of an insurance agency than a lending agent. A loan guarantee is support to a local bank to back up its loan to a small business owner.

If a small business person is unable to access capital elsewhere, they may ask a local lender if the bank would be willing to participate in a loan guarantee with the SBA. If the SBA makes a decision to provide a guarantee (based on the applicant's business plan and other good loan making criteria) they have pledged support to the lender for 75% to 90% of the value of the loan should there be a default. The loan would still be the bank's to decide upon and to service. The borrower's relationship is with the bank, not the SBA.

The other major federally supported program locally is the Rural Community Economic Development office with state headquarters in Stevens Point. The RCED provides a similar kind of guarantee program for loans that the SBA offers. A key difference is that RCED guarantees are not subject to the same kind of business size and dollar restrictions of the SBA guarantee program.

Further information on the guarantee programs of either of these agencies is available through a local lender. You can also find information on these and many other financing programs mentioned in this report by calling the Department of Commerce to order a summary booklet on *Wisconsin Financing Alternatives*. The book is available at a nominal fee by calling 808.288.3224 and placing an order.

WISCONSIN DEPARTMENT OF COMMERCE

On July 1, 1998, the former Wisconsin state Department of Development became the Department of Commerce. Unlike its predecessor, the new Department is referred to simply as "Commerce" rather than the DOC. The DOC is the Department of Corrections. Mixing the two agencies in written references carries more ironic implications than anyone in state government is comfortable with. The programs in this section summarize what Commerce offers the state.

Because of the size and complexity of Commerce, it is useful to think of two major types of assistance offered: financial and technical. Commerce is probably best known for its financial assistance so we begin there.

At this point it is necessary to point out that financial assistance from the state comes mainly in the form of loans. While there are some limited programs that may have loans

which can be forgiven under highly specific circumstances, they are the exception. There is no pot of 'free money' the state will give to people to start their own small businesses.

All of the financial assistance programs offered by Commerce are funded by state taxpayer dollars. Naturally, that implies a "best public policy" set of criteria for making investment decisions. Helping individuals to start personal businesses is not in the best interest of the state as a whole. So some of the criteria for loans include:

- the project must serve a public purpose
- the project must retain or increase employment in the state and must not displace workers in the state
- the project could not occur without state assistance
- financing is not readily available from other sources
- an equity investment of at least 25% is required from the loan recipient
- proceeds of the loan cannot be used to pay overhead costs

Commerce offers a wide variety of financing programs. Some of the most popular or well-known include:

- the **TECHNOLOGY DEVELOPMENT FUND** - for firms developing product or process innovations in cooperation with a UW-System or other graduate school
- the **ECONOMIC DEVELOPMENT FUND** - for non-urban municipalities seeking funding on behalf of a business. This is not directly available to entrepreneurs
- the **RURAL ECONOMIC DEVELOPMENT FUND** - for small businesses in nonurban areas needing support for planning and managerial assistance. More about this program below
- the **MINORITY BUSINESS DEVELOPMENT FUND** - used by minority owned firms for early stage planning or acquisition of an existing business.

I have used the Rural Economic Development (RED) fund with several Small Business Development Center clients locally. The program is ideal for obtaining funds with which to pay for market research or business planning which would otherwise be unaffordable for a new or small business. It is critical to recognize that these funds are not for assets, but for the development of planning tools. This fits in well with the SBDC since we can teach someone how to do market research, for instance, but the owner may not have time to actually conduct the research personally. Getting an outside perspective through the research is also beneficial.

Technical assistance is also available through Commerce. Technical assistance may take the form of advocacy for particular small businesses with committees, or assistance with filling out applications for loans, or assistance learning how to manage a business more effectively.

There are seven regional Area Development Managers that act as a first line of local contact with the technical assistance programs of Commerce. In our area, Mary Jo

Carson is that contact. She has offices in the Plover village offices and can be reached at 715.345.5303. Her offices also serves as an entry point to the variety of technical assistance programs at Commerce.

Some of the main business areas where technical assistance is provided by Commerce include:

WOMEN'S BUSINESS SERVICES - for the fast growing number of businesses owned and operated by women

the **BUREAU Of INTERNATIONAL DEVELOPMENT** -focusing on the enhancement of Wisconsin businesses working to both export and import products

the **BUREAU OF MINORITY BUSINESS DEVELOPMENT** - concentrating on assistance to minority owned enterprises in the state

the **WISCONSIN SMALL BUSINESS INNOVATION RESEARCH (SBIR)**

SUPPORT PROGRAM - designed to assist more Wisconsin small businesses in the successful pursuit of federal SBIR funds. SBIR funds provide financing for technical innovations and the Commerce program will review and sharpen proposals prior to submission

the **WISCONSIN DEVELOPMENT ZONE PROGRAM** - assisting businesses with tax incentives to locate or expand in specifically targeted development zones within the state

QUASI-GOVERNMENTAL AGENCIES

There are two major agencies that support small business development and have governmental connections in funding sources but operate more like independent entities. They are the Wisconsin Housing and Economic Development Authority (WHEDA) and Community Action Programs or CAP Services. WHEDA offers primarily financing assistance while CAP offers both financial and technical assistance programs.

Key programs of WHEDA include:

THE LINKED-DEPOSIT LOAN PROGRAM - fostering short-term interest rate buy downs for minority and women-owned businesses

THE TOURISM FUND - targeting tourism or tourism related businesses

THE TARGET AREA FUND - supporting business development in economically distressed or rural areas of the state

CAP Services, Inc. In our area offers both technical and financial assistance for small business development. Locally, CAP offers incubator space for new or spin-off businesses. Incubators are designed to house fledgling operations and give them a start in space that would otherwise be too expensive to make a start-up operation feasible. Typically, incubators provide support services such as clerical support or computer and other office equipment which is shared. The CAP incubator in Stevens Point is relatively small compared to other operations in Wisconsin Rapids, Wausau,

and CAP's own. operation in Wautoma. (For more information on incubators in Wisconsin and eligibility see *Wisconsin Financing Alternatives*).

Financial assistance from CAP comes in the form of short-term bridge loans or small asset based loans. For more information on the many business development services of CAP Services, Inc., contact Karl Pnazek at 715.345.5200.

LOCAL ECONOMIC DEVELOPMENT PROGRAMS

Local economic development programs also take the form of either financial or technical assistance and sometimes both. Because there are so many local programs and because eligibility requirements and funding can change, it may be best to simply list the types of local economic development agencies. A call to any of them will yield specific information about that set of support programs.

First, begin with area Chambers of Commerce. Wisconsin Rapids, Marshfield, Wausau, and Stevens Point all have active Chambers or business associations. All have small business councils or committees made *up of* volunteer small business owners. These councils coordinate and offer educational programs, business fairs, round table discussions, and liaison with governmental officials in order to influence policy. Inquiring as to membership or membership services of local Chambers is an excellent way to tap into local resources for small businesses.

The Central Wisconsin Area Economic Development Council coordinates economic development activities in Adams, Wood, and Portage counties. Contact with the council can be made through Chambers of Commerce in each county.

Marathon County is the most industrialized county in the region and houses its own area economic development agency, Marathon County Economic Development Corporation. McDevco offers a revolving loan fund and site location assistance for new major economic development initiatives. They are housed at the Wausau Chamber of Commerce offices and can be reached at 715.845.6231.

Stevens Point also has a revolving loan fund for businesses located within the city limits. A revolving loan fund earns its name because as original loans are paid back to the lending authority money becomes available to lend to another borrower. With a single original fund many small business initiatives can be supported.

The Stevens Point fund, like other regional revolving loan funds, targets business development with a public policy impact. That is, job creation is at the core of the decision to make a loan. Incentives are provided for hiring low or moderate income people. A call to the city's Community Development office at 346.1567 can answer specific questions.

Finally, there are individual community based groups designed to foster business development. One such example is the local chapter of the statewide network of

Wisconsin Women Entrepreneurs. This is a group of women business owners that meet regularly to share business management information. The group provides mentoring for newer business owners by matching them with more experienced business owners. The effort is largely educational, but the support of peer interaction is also important for business development. For more information on the local chapter, contact Vicki Lobemieier at the UW-Stevens Point Small Business Development Center at 715.348.3838.

SOURCES OF EDUCATIONAL AND TRAINING ASSISTANCE

The two major post-secondary educational institutions in the state are the Wisconsin Technical College System and the University of Wisconsin System. In the not too distant past, these systems saw themselves as more likely to be competitive than collaborative. Times change and so have the perspectives of many in both systems. While the Technical College System tends to focus more on workforce development and the UW-System tends to focus more on management development, the distinction has become more artificial as progressive business owners break down the barriers between labor and management.

THE WISCONSIN TECHNICAL COLLEGE SYSTEM

With a focus on workforce development and hands-on training, the WTCS offers a broad array of educational assistance to the small business community. Since a detailed listing of the offerings of this system are not possible in this limited space, you are advised to contact your local technical college to get specific information.

Mid-State Technical College, with campuses in Wisconsin Rapids, Marshfield, and Stevens Point and a branch in Adams-Friendship is one of the two schools that serve our area. Northcentral Technical College, headquartered in Wausau, is the other local technical college. NTC has branch campuses in Antigo, Medford, Phillips, and Wittenberg.

The WTCS programs offer many industry specific technical training skills. There are also job training and retraining programs available for workers changing jobs. Staff of the technical colleges can conduct on-site assessments of your business to help determine an appropriate curriculum for development of the firm's employees.

The WTCS also offers two-year degrees in professional and para-professional programs. The schools are a good source for hiring bookkeepers, marketers, and general management help. There are many technical skilled trades for which the WTCS trains students as well.

THE UNIVERSITY OF WISCONSIN SYSTEM

The University of Wisconsin System comprises 13 four-year degree granting schools (two of which also offer doctoral programs), 13 more two-year centers, and the

University of Wisconsin Extension. The system is geographically, politically, and educationally diverse. There are also different degrees of commitment to outreach service into the communities of the state depending on what part of the system you try to access. Probably the most effective way, at this point, to access the vast resources of the UW-System is to begin with your local Small Business Development Center.

The Small Business Development Center (SBDC) at UW-Stevens Point serves nine counties from Adams county north to the Michigan border. The SBDC offers not-for-credit courses open to the general public as well as custom-designed programs for specific businesses or organizations. What makes the SBDC unique is the individualized, confidential business counseling offered. Counselors include the staff of the SBDC, local private sector experts, and faculty of UW-Stevens Point and the entire UW System. For more information on the offerings of the center or for help finding resources within the UW-System the office can be reached in several ways:

By phone: 715.348.3838 or on the 24-hour Business Resource Line at 800.487.7389
By fax: 715.348.4045
By e-mail: xsbdc@uwsp.edu

In order to get a sense of the kind of resources available to small business across the UW-System, here are some of the major programs:

1. **UW-Extension** - made up of the Cooperative Extension Service (county-based agents in business, agriculture, youth, family living, and natural resources), Continuing Education Extension (primarily the professional development programs offered for credit or not through each of the 28 system campuses), Extension Communications (public radio and TV), and Business Programs Administration (housing the 10 SBDC statewide centers, Management Institute, and the Manufacturing Extension Partnership).
2. **UW-System campuses** - which include engineering and technical skills expertise, graduate management training, and a host of applied educational programs. This includes both 4-year and 2-year schools in this region. The 4-year school is at UW-Stevens Point. There are 2-year centers in Wausau and Marshfield. A new initiative for all of these schools is a seamless transition from 2-year centers to the 4-year campus and links via distance technology.

The Wisconsin Manufacturing Extension Partnership

There is one educationally-based program among the multitude that bears special consideration because of its unique position as a true partnership between the Technical College System, the UVV System, the state government, and the private sector. That program is the Wisconsin Manufacturing Extension Partnership (WMEP).

The WMEP has roots in the end of the Cold War era. When the Cold War ended and the federal government decided to invest the peace dividend in domestic programs, one

of the areas targeted for strengthening was the American manufacturing sector. Just as the Agricultural Extension Service had been developed at the beginning of the 20th century to improve agricultural production with closer ties to higher education systems, at the end of the Cold War the thought was to build a parallel system for the manufacturing sector. There are now 80 such manufacturing extension programs operating in 42 states.

The WTCS and the UW-System combined in October 1995 to win a federal grant for the next six years to build a statewide system in Wisconsin. The program officially began July 1, 1993, but programs like it in the WTCS have been operating for years.

Similarly, the northwest part of the state is served by a Manufacturing Outreach Center headquartered at UW-Stout for the last 8 years.

The WMEP provides a comprehensive assessment of small and medium sized manufacturing companies in order to assist management to move toward modernization of manufacturing practice. Modernization includes learning the tools of just-in-time, appropriate technology, total quality, and employee involvement. The assessment concentrates on 14 areas of management in a firm. The assessment is followed by a facilitated set of planning sessions to develop a strategic plan. The implementation of the plan is coordinated by project management by field engineers of the WMEP.

To find out more about how the WMEP can help manufacturing businesses, contact Tom Cunningham at MSTC (715.387.2538) or Marls Stover at UW Stevens Point (715.346.2005). Wausau is served by the Northwest Manufacturing Outreach Center with support from NTC. Call 715.623.3331 for more information on manufacturing outreach in Marathon county.