

Comparing Economic Development Strategies

across

Neighboring States

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EXECUTIVE SUMMARY

Introduction

This paper compares the economic development initiatives of Wisconsin with its neighboring states of Illinois, Indiana, Iowa, Michigan and Minnesota. While there are many similarities in state strategies, there are many differences in how each state is approaching their economic development functions. One of the findings was that **all the states are essentially going after the same thing** – High-Tech Jobs. High-tech jobs are the recognized driver of future economic growth. High-tech jobs are generally high-paying jobs. The increase in personal income generated by the high-paying jobs within a state leads to the positive economic growth spiral that generates, all things being equal, increased consumption, lower tax burdens, increased savings, greater investment, and exports of superior goods and services.

All the states also recognize that high-tech, high-income jobs are the vehicle for economic growth, due to: 1) demographic constraints that don't give them much choice as the baby boomer generation retires *en masse* beginning in just 10 years, leaving a dearth of available workers and stagnant endemic markets, and 2) a shifting new economic landscape that potentially renders their current economic structures and development tools obsolete, at least in the long-run.

Interestingly, all the states analyzed have many of the same perceived constraints:

- Demographic impairments – aging baby boomers, relatively little in-migration
- Workforce with antiquated skill set – old economy vs. new economy knowledge and skills
- Lack of investment capital – little access to and low visibility by coastal funding sources
- Unattractive state image – viewed as “old shoe”, manufacturing and agriculture areas

Each state varied somewhat in their own view of their attributes and attainment levels of the fundamental aspects of new economy development. None ranked themselves very high in any category. The table below is the author's ranking of the states' perceived achievement levels of basic economic development criteria, (5=Highly successful, 1=little accomplishment).

Perceived New Economy Development Attainments

<u>Constraint</u>	<u>Illinois</u>	<u>Indiana</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin</u>
Modern Workforce	3	1	3	3	3	3
Infrastructure	3	3	1	3	3	2
Investment Capital	2	1	1	2	2	1
Entrepreneurial Culture	2	1	1	1	1	1
Effective Tech Transfer	2	3	1	2	2	2
State Image	1	1	1	1	1	1

All states focus on similar basic fundamentals to accomplish their economic development goals:

- Education – Pre-kindergarten through life-long learning
- Cluster Infrastructure – telecommunications, higher education, research centers, investment
- Basic Infrastructure – roads, airports, utilities (energy, water, waste)
- Workforce Development – high-paying jobs; demographics dictate grow-your-own
- Image Improvement – to attract venture capital, highly-skilled labor, high-tech businesses
- Quality of Life – understand cycle to attract high-quality labor and high-tech businesses

Each state lays out similar avenues of pursuit for economic development. The states do vary somewhat on how they will approach each economic development pursuit, a matter discussed in the later sections of this paper. The economic development pursuits common to all the states are listed below. This list encompasses essentially all of the traditional economic development approaches with the addition of the new economy pursuits of attracting and retaining a talented workforce, increasing capital access, growing high-tech industries and creating a better state image.

Economic Development Pursuits

Attract & Retain Existing Businesses	Attract & Retain High-Tech Industries
Attract & Retain Talent	Build More Affordable Housing
Create More High-Income Jobs	Enhance State Image
Enhance Quality of Life	Expand Workforce Training
Expand Tourism	Improve Infrastructure
Increase Investment Capital	More & Better Education
Promote State Attributes	Reclaim Distressed Areas

In juxtaposition to the challenges they face, all the states tout that they are, in fact, attractive places to do business. All claim to have:

- Skilled workforce – above average basic education achievement and high productivity levels
- Beneficial business climate – development subsidies, tax and regulatory incentives
- Research Centers – home of flagship universities
- High Quality of Life – good schools, clean air and water, little congestion, bountiful entertainment and recreation

Demographic and Economic Profiles

The states are similar in geographic location – upper central Midwest. They do vary in demographic and economic consistency. For example, Illinois population is 2.3 times larger than Wisconsin's and its gross state product is 2.7 times the size of Wisconsin's. Below is a table comparing some selected benchmark statistics.

State Economic Profiles

<u>State</u>	<u>Population 2000</u> (millions)	<u>Per Capita Income</u> (2000)	<u>Gross State Product, 1999</u> (billions)	<u>State Budget 2001</u> (billions)	<u>Federal \$ Returned</u> (billions)	<u>R&D \$ 1998</u> (billions)
Wisconsin	5.36	\$28,232	\$166.5	\$23.4	\$24.3	\$2.5
Illinois	12.42	32,259	445.7	50.0	60.0	8.8
Indiana	6.08	27,011	182.2	9.97	28.7	3.1
Iowa	2.93	26,723	85.2	4.9	14.8	1.1
Michigan	9.94	29,612	308.3	36.2	46.8	13.7
Minnesota	4.92	32,101	173.0	27.3	23.0	3.8
U.S.	281.4	\$29,676	\$9,872.9	\$2,136.9	\$1,637.2	\$226.9
Sources: Bureau of the Census, Bureau of Economic Analysis, State Governors' Offices, Consolidated Federal Funds Report, National Science Foundation, Statistical Research Service						

The relative sizes of the states' demographics and economics will convey the proper perspective on spending that occurs in each for economic development. For example, spending \$50 million per year on Biotech research in Michigan would be equivalent to Wisconsin spending \$32.2 million on a state budget normalized basis or \$27.0 million on a GSP normalized basis.

Economic Development Plans

The body of this report lays out the economic development plans of the neighboring states. All states except Wisconsin have presented some sort of economic development plan, although Wisconsin's governor has convened an interagency taskforce to analyze Wisconsin's economy and develop an economic development plan by the Spring of 2002.

Economic development plans in other states are presented under different contexts and each has some unique aspect. Illinois, for instance, has a legislatively mandated development strategy and process that carries on over five years, from 2000 to 2005. Indiana and Iowa have presented formal strategic economic development plans with a proposed deadline for achievement, 2005 and 2010, respectively. Michigan has established a private corporation to develop and carry out the state's economic development strategy on an on-going basis. Minnesota has issued a broad vision for their economic development strategy in The Big Plan.

Unique Aspects of State Plans

<u>State</u>	<u>Unique Aspect(s) of State's Economic Development Plan</u>
Illinois	Legislated Five-year Plan with a defined timeline, procedure and process Make all component areas owners of their own economic development plans
Indiana	Specified timeframe established to accomplish desired goals – 2005
Iowa	Specified timeframe established to accomplish desired goals – 2010 Estimated costs of economic development plan are presented
Michigan	Established independent, for-profit corporation to carry out economic development plan
Minnesota	Limelight strategy: Capitalize on current high-level of visibility – Governor Ventura

Wisconsin is also at odds with the other states in some key economic development support issues, issues that may affect the resources available to fund economic development in the state. All states except Wisconsin are running budget surpluses. Minnesota rebated over \$1 billion dollars in taxes last year. Iowa, Michigan and Minnesota have Aaa bond ratings, Moody's Investor Service highest rating for state general obligation bonds. Wisconsin, by contrast, rebated some \$950 million in sales tax rebates in 1999, but is now carrying a \$700 million structural budget deficit and has recently (8/28/01) had its bond rating lowered by Moody's Investors Service to Aa3 (Moody's highest rating is Aaa, then Aa1, Aa2, Aa3, next below the Aa3 is a new class, A1).

Illinois, Michigan and Minnesota have specifically earmarked tobacco money for prime economic development programs of education and high-tech business development. Indiana, Iowa and Minnesota have tobacco money going to health care education and services, also deemed important for their state's workforce development and quality of life.

All states have a greater than U.S. average share of high school graduates in their twenty-five year and older population. Only Illinois and Minnesota have a greater share of baccalaureate or higher degree holders in their populations than the U.S. average.

Relevant Economic Development Support Issues

	<u>Illinois</u>	<u>Indiana</u>	<u>Iowa</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin</u>
Articulated Economic Development Plan	Yes	Yes	Yes	Yes	Less Specific	No
Budget Status	Surplus	Surplus	Surplus	Surplus	Surplus	Deficit
State Bond Rating¹	Aa2	Aa1	Aaa	Aaa	Aaa	Aa3
Tobacco Money Use	Education and High-tech R&D	Health Care	Health Care	Life Sciences Initiative	Education & Health Care	Budget Deficit
HS Grads-Share vs U.S.	Above	Above	Above	Above	Above	Above
BS degree-Share vs U.S.	Above	Below	Equal	Below	Above	Below

¹ Moody's Investor Service

State Plan Summaries

The state plan summaries focus on the main thrusts of the each state's economic development strategy and, where possible, present dollar figures associated with the overall plan. The summaries are listed by each state in alphabetical order. If not specifically mentioned in the summary, each state has professed five major themes: Education, Workforce Development, Business Growth, Infrastructure Improvement and Community Development. More detailed presentation of each state's plan follows in the body of this report below.

Illinois

The State and Regional Development Strategy is Illinois' economic development plan that is dictated by statute. The Department of Commerce and Community Affairs is the lead organization of the Illinois plan with orders to involve all stakeholders in planning, ownership

and implementation of future development programs. The Illinois plan is long on process and encompasses the parameters and procedures for carrying out the five-year initiative. The first edition of the Illinois strategic economic development plan defined the issues and established some benchmarks for measuring progress. The second edition of the plan sets the stage for the development process. The third edition of the plan should begin to develop programs for community economic development.

Illinois recognizes the need for sustained economic development through the support of existing business, but also with the future lying with high-tech and value-added industries. Illinois faces many traditional economic development and redevelopment issues as well as workforce development issues. Illinois is investing heavily in new economy industry research and development, education and training, worker and business retention and attraction, and community redevelopment.

Highlights of the Illinois plan include:

- Focus on New Economy business development
 - Illinois VentureTECH – \$1.9 billion five-year investment in R&D for health sciences, information technology and biotechnology, uses \$80 million of tobacco settlement money
 - I-WIRE – next generation digital infrastructure linking major research centers
- Focus on Infrastructure
 - IllinoisFIRST – \$12 billion over five years to improve basic infrastructure
 - Roads – \$2 billion per year on roads and highways
- Focus on Education
 - \$1 billion increase on education spending over two years
 - Hire 10,000 new teachers
- Focus on Worker Attraction and Retention
 - \$20 million for high-tech marketing
 - \$66 million for Prime Sites to attract businesses
- Focus on Community Betterment, heavy reliance on regional stakeholders
 - \$15 million for local planning
 - \$20 million for local infrastructure
 - \$16 for low-income housing
 - \$30 million over five years to link job sites with worker residence
 - Tax incentives for 93 enterprise zones

Indiana

Indiana recognizes that future economic prosperity will not depend upon more jobs, but rather on good jobs that pay well. The state's income fell behind the U.S. average during the early 1980 recession, never recovered and has, in fact, been losing ground ever since.

Furthermore, Indiana recognizes that the state's economic prosperity does not lie in traditional manufacturing industries. Their plan states that much of the manufactured products can be made cheaper elsewhere. Indiana also recognizes that future prosperity lies with "technologable" jobs.

Their plan goes on to say that Indiana companies must specialize in high value-added products and services, and become models of efficiency and innovation.

Indiana's Break Away Growth plan (BAG) focuses the state's resources in five areas: 1) workforce development, 2) fostering growth companies, 3) improving infrastructure and advanced logistics, 4) smarter (more efficient and effective) government, and 5) maximizing livable places (quality and affordability of life).

The Indiana plan sets six goals:

1. Raise per capita income and average annual wages above the U.S. average
2. Attain the best purchasing power (living affordability) of any state in the nation
3. Secure the lowest poverty rate in the Midwest
4. Bring productivity above the U.S. average and rank the best in the Midwest
5. Earn the highest livable places rating in the Midwest
6. Create the highest growth rate in the number of high-skill, high-paying jobs in the Midwest

Indiana seeks to achieve these goals through:

1. Incentives for continued education
2. Incentives for investors to take equity positions in small start-up ventures
3. Shift the state economic development budget more toward knowledge-based, innovations driven companies
4. Broader tax exemptions on R&D, computer and high-tech equipment
5. Fund collaborative R&D ventures
6. Establish a "State Infrastructure Bank" to provide funds to build infrastructure
7. Fund state marketing program
8. Streamline government regulations and services
9. Maintenance of Quality of Life

The Indiana plan offers little in funding levels or degree of spending or incentives.

Iowa

Iowa faces the same demographic, income, investment and economic challenges of the other Midwest states. Iowa did put a 2010 time horizon on accomplishing their economic development plan. They enlisted feedback from across the state to critique and comment on their development plan.

Iowa's plan set eight very specific goals with concomitant cost estimates. Under the proposed economic develop plan, Iowa will need to spend \$4.72 billion over the next decade to achieve their goals.

Iowa's goals are, by 2010, to:

1. Increase number of working people through in-migration by 310,000
2. Have all Iowans electronically connected to each other and the world
3. Make Iowa known as the life sciences capital of the world
4. Make Iowa a premier working, living and recreational destination
5. Make Iowa's wages and income equal to or higher than other Upper Midwest States
6. Have all Iowa children secure in their education attainment
7. Recognize that clean air, water and soil is integral to the state's infrastructure
8. Achieve national recognition for state and local government effectiveness and efficiency

The estimated costs for each goal are presented in a table in the Iowa section of this report.

Michigan

Michigan has the most aggressive and developed economic development plan of the upper-midwestern states. Michigan is very forthright with the fact that they have every intention of making the state a leading economic entity. Michigan has essentially planned all their economic development strategy toward increasing the state's talent pool. They realize that their economic future depends upon a talented, highly-trained workforce. They figure that if the workforce is state-of-the-art and supported with the proper quality of life incentives, then investment, business, jobs and income will flow freely and abundantly through the state.

Michigan undertook a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis to determine the state's advantages and disadvantages and to guide their strategic plan development. That analysis is available for viewing www.michigan.org. The result of the SWOT analysis is an aggressive economic development plan for the state.

Michigan has taken an innovative approach to economic development and established a private corporation, Michigan Economic Development Corporation, with \$133 million in annual state and private funding to carry out their defined strategy. The corporation is operated as a *for-profit* entity under the assumption that future profits from current investments will fund the corporation in perpetuity. Michigan Economic Development Corporation is coordinating with local communities, businesses and institutions to create an economic powerhouse. Michigan Economic Development Corporation even has an active field staff that pursues opportunities for Michigan businesses and communities, contacting over 5,000 companies each year to proactively assess business needs and issues.

The primary thrusts of Michigan Economic Development Corporation (presented in more detail in the Michigan section below) are:

1. People Attraction and Retention
2. Technology Infrastructure
3. Smart Community Investment
4. State Image

Michigan is focusing its new business development efforts on three emerging business sectors: Advanced Manufacturing, Information Technology, and Life Sciences. Michigan's SWOT analysis determined they have a cluster in Advanced Manufacturing, but deficits in Access to Capital, Entrepreneurial Culture, and Effective Technology Transfer. Their SWOT analysis for Information Technology resulted in much the same results except they added Cutting-Edge Research to the plus column and Infrastructure to the minus column. The Life Sciences analysis put only Cutting-Edge Research in the positive bracket with Entrepreneurial Culture, Effective Technology Transfer, and Infrastructure in the negative bracket.

The Michigan plan will build industry clusters through SmartZones and on dominant industry platforms. SmartZones are areas within the state that show a potential critical mass of classic industry infrastructure of business, workforce, research and governmental activity, such as Advanced Manufacturing around the automotive industry complexes. Where it cannot dominate, Michigan sees the value of cooperating for the greater good of the state and will seek to partner with platform "gorillas" or those companies or entities that are the leaders in the respective industries or fields.

Michigan will also establish Renaissance Zones for economic revitalization. Renaissance Zones are community development programs to reclaim distressed areas in the state for renewed economic development. A number of incentives are targeted to attract new businesses to old industrial centers.

Education and workforce development are also specific initiatives included in the Michigan plan to build their state-of-the-art workforce. Foremost in Michigan's economic development strategy is the ability to supply the most talented workforce in the nation, understanding that New Economy businesses are attracted by an abundant and skilled workforce.

Minnesota

The Big Plan is Minnesota's vision of the state's economic development strategy. The Big Plan is less detailed than those of Illinois or Michigan, but it does lay out the broad policy initiatives of the Ventura Administration. The Big Plan speaks to all of the traditional economic development issues of education, workforce development, business climate and community development, but puts the focus on community and personal self-sufficiency through state support of economic development programs. The Big Plan also addresses the efficiency of government and the business climate to make Minnesota a first-class, global economic competitor.

The Big Plan is less detailed on specific programs although it does assign lead departments to all the initiatives proposed. In few circumstances, is there a timeframe proposed or a performance target set. The Big Plan does say that Minnesota's last \$343 million of tobacco settlement money will go to the Medical Education endowment and the Kids Learn endowment, for graduate medical education and children's intervention and immunization programs, respectively.

STATE ECONOMIC DEVELOPMENT PLANS

Each state analyzed, except Wisconsin, had a published economic development plan. The states take different paths to lay out their plans. Some are very detailed, such as Illinois, and present a comprehensive and coherent process if not a list of action items, including spending levels on broad initiatives. Other plans, such as Indiana and Iowa, list their shortfalls and present goals to be attained. Indiana has identified specific goals and avenues to pursue and presents initiatives, but little detail on funding or implementation. Iowa has a defined timeframe and estimated costs. Michigan's plan is a straight forward aggressive approach using a private corporation to achieve stated initiatives. Minnesota's plan, on the other hand, is simple and visionary albeit short on specifics and implementation actions.

This section of the paper describes each state's economic development plan, beginning with Illinois.

ILLINOIS – *Right Here, Right Now*

Illinois is the only state analyzed that has a statutory requirement to present a strategic development plan. In 1999, the Illinois legislature passed the State and Regional Development Strategy Act. The Act established the Five Year State and Regional Development Strategy (SRDS). SRDS serves as the basis for the state's economic development plan. SRDS is conducted by the Illinois Department of Commerce and Community Affairs (DCCA).

THE FIRST EDITION

The first development plan was issued in 2000. It set the parameters under which future development strategies would be guided. SRDS seeks to develop a partnership between state and local governmental entities as well as the private sector. The strategy seeks to incorporate support and initiatives from all across the state. The planning process seeks "buy in" from all stakeholders in order to establish ownership and responsibility for implementing SRDS. Initially, a direct mail survey went to more than 29,000 business, government and community leaders across the state of Illinois. In addition, 19 regional forums were held with over 500 participants involved.

Component Areas

First of all, SRDS sets specific development issues for different regions of the state or component areas. Component Areas were defined around similar economic profiles based upon geography, economic structure, labor markets and trade flows. Ten component areas were established. Component area constituents were consulted on defining the areas' primary development interests. In order to assure that the future development strategies remained aligned with the needs and desires of the component areas, the component areas were assigned the task of confirming that their interests were represented in the SRDS.

Historical and Projected Economic Activity

Secondly, a benchmarking was undertaken to assess the current economic status of the state and the ten component areas. The assessment served as the basis for the stakeholders' economic development education and as an origin from which to measure progress henceforth.

Demographic and economic projections were also made to serve as guideposts to monitor and guide the plan. If the future projections did not match desired economic development goals, then policies could be altered to shift to the desired pathway.

Community Improvement Characteristics

It was deemed essential for the five-year plan's success that the component areas decide which economic development issues were most important to them. A set of four Community Improvement Characteristics were identified as having the most common regional support:

- Public Capacity – size and soundness of basic infrastructure, schools and human services
- Community Stability – overcoming degradation of localized physical and human resources
- Enterprise Vitality – support for local area businesses for economic well-being
- Competitive Advantage – recognizing and exploiting the area's competitive advantages

Consultation with Key Constituents

Component areas were charged with determining which economic development initiatives they wanted to pursue. For each component area, mission statements were drafted; strengths, weaknesses, opportunities and threats were identified; strategic issues were framed and plans were formulated; future vision targets were established; and implementation charges were assigned. Provisions were made to monitor, evaluate and change, if need be, the process and implementation vehicles.

Programmatic Approaches

Each component area had to decide which economic development initiatives they would pursue and which program approaches they would use. As local communities are increasingly influenced by economic circumstances beyond their control, new economic development programs had to be considered. SRDS presented new paradigms for economic development programs. The new initiative programs fell under three general categories: Economic Foundations, Development Agency Functions and Workforce Preparation.

- Economic Foundations –
 - Public Sector Foundations –
 - Physical Infrastructure – roads, schools, utilities
 - Tax and Regulatory Climate – stable, predictable, reasonable
 - Government Administration – efficient, effective
 - Quality of Life – now necessary
 - Market Foundations –
 - Business Climate – pro-competitive, free marketplace, non-interference

- Human Resources – skilled, adaptive, innovative, technical, entrepreneurial
- Financial Capital – available and varied for all growth stages
- Material Resources – add value to natural, intellectual, exportable resources
- Development Agency Foundations –
 - Community Betterment Functions –
 - Civic Organizations – instill local community sense of action and responsibility
 - Growth Management – land use planning
 - Economic Opportunity – support for self-sufficiency and asset accumulation
 - Industry Sectors – stable tax base to run community and promote development
 - Business Development Functions –
 - Capital Investment – seek out capital, attract and retain local businesses
 - Trade/Export Development – promote export opportunities
 - Invention and Innovation – promote innovative and entrepreneurial development
 - Business Assistance – provide business advisory assistance
- Workforce Preparation –
 - Workforce Preparation – basic education, skills training, grow-your-own
 - Higher Education – availability and access

Role of State and Regional Agencies and Boards

Once the component area chose which development initiatives they wanted to pursue and what approaches they would utilize, the areas had to determine which stakeholders would take what role in the development program implementation. The SRDS defined four positions to delegate implementation tasks:

- Coordinator – leadership role and liaison for local stakeholders to develop agreed upon program and policy initiatives and management of resources. Critical role for presenting component area desires before the state.
- Facilitator – consensus builder, information provider and stakeholder educator to breakdown intra-local barriers to cooperation and broaden support for local initiatives
- Stimulator – action oriented promoter and local development services provider
- Entrepreneur/Developer – responsible for operating a development enterprise

Legislative, Administrative and Programmatic Actions

Once the component area plans are developed and the implementation issues decided upon, the DCCA is to analyze the component areas’ development initiatives and programs and develop the SRDS. Component area stakeholder contributions are to remain the “fundamental drivers” behind the SRDS.

Furthermore, DCCA was directed to “recommend specific legislative, administrative and programmatic actions at the state and component area level for promoting sustained economic growth”. However, the responsibility for implementing the component area plans are left to the component areas’ designated leadership matrix.

Statewide Performance Review

An ongoing assessment must be made to track the progress of the implemented economic development programs and to determine whether the development plans are achieving the desired goals and objectives. Performance measurements must be defined and monitored for possible policy adjustments and public accountability.

Future Planning Steps

The first SRDS established many of the guideposts and process descriptions of how the SRDS will be carried out in the future. The process can only be carried forward with continued involved discussion of the component area stakeholders. The first SRDS describes the process DCCA is to use to move the plan through subsequent years. The process involves seven steps.

- Review of Existing Plans – DCCA will review component area development plans and the plans, initiatives and recommendations of other development entities to synthesize the scope of proceeding policy.
- Analysis of the New Economy – the second edition of SRDS would contain a portrait of the economic characteristics of the state and the sub-state regions, including assumptions, statistics and trends, and would also encompass political, demographic, sociological and technical trends.
- Field Questionnaire – a questionnaire will be circulated through the component areas to garner feedback on the areas’ advantages and constraints.
- Focus Group Sessions – stakeholders will comment on the regional development issues and goals.
- Component Area Strategy – a confidential component area strategy will be developed for each component area recommending programmatic action based upon the areas’ available resources.
- State and Regional Strategy – the DCCA will develop the second edition of the SRDS incorporating the component areas’ input.
- Interagency Coordination – DCCA will involve other relevant state agencies in the “review and furtherance” of the SRDS.

First SRDS Edition Summary

The first SRDS edition was presented to set the parameters within which subsequent progress on Illinois development strategy would be undertaken and measured. The first edition established a map of where the component areas wanted to go, where they are now and how they will get there. The first edition also assigned responsibility to the component areas and presented a process under which area development strategies would be determined and implemented.

THE SECOND EDITION

The second edition of the SRDS was published in February of 2001. The SRDS relies heavily on stakeholder involvement (as dictated by the first edition) and defines the present state of the

Illinois economy, establishes the framework for economic development, suggests policy and program actions and describes the relationships and procedures to carry forth with the SRDS.

The second SRDS was divided into five sections:

- The New Economy – this section lays out the state’s current economic status and projections
- Implications for Government – determines governmental agencies’ roles
- Development Strategies in the New Economy – suggests development strategies
- Common Component Area Issues – defined common development interests
- Implementation Steps – develop regional incentives further the process

The New Economy

SRDS goes through a brief history of the changing economic landscape of Illinois from agriculture and mining to manufacturing and now the trends toward a knowledge and information economy. It also discusses the issues of mobile and shifting means of production. SRDS also lays out the global nature of the new economy both from a competitive and market perspective. It also trumpets the virtues of technological and managerial innovation, risk-taking and the speed with which new products come to market. The SRDS offers that Illinois must move into the New Economy while not forsaking the old economy.

Current Economic Performance

This section of the SRDS report also recaps the current economic performance of Illinois and how more job development is coming into conflict with the limited labor force. It also presents productivity increases, the recent rebound in manufacturing jobs, export growth and increases in venture capital in the state. It also states that Illinois “worked its way up to fourth in the nation for high technology jobs”.

Key Industry Sectors

This section of SRDS looks at industrial clusters and networks. It talks about the Illinois’ resource-based, service-based, capital-intensive and innovation-based industries. It also mentions that 67% of the differences in total output among metropolitan areas and 60% of the job growth can be explained on the basis of the concentration of tech-oriented firms.

Illinois specifically mentions the contribution pharmaceutical/biotechnology and information/electronics sectors make to job growth and that software and biotechnology firms should be viewed as high growth sectors for the state. Moreover, Illinois states that it has a significant opportunity to become a leader in biotechnology with assets including research institutions, staff and funding, related agriculture and pharmaceutical corporations.

Interestingly, Illinois projects a decline in telecommunications jobs due to mergers and suggests those companies as retention targets.

Implications for Government

The premise for this section states, “the New Economy requires government to rethink both what it does and how it operates”. New public processes and technologies are advocated to provide a high performance style of service delivery modeled after the private sector. Government organizations must be: Market Responsive, Cost Conscious, Performance Driven, Adaptable, and Partnership Oriented.

SRDS talks about New Foundations for a Competitive Advantage. State government should pair with local governments and, together, partner with the private sector to build the “structural foundations” that will give the state to a competitive advantage and lead to future economic prosperity. Specific foundations discussed were:

- Workforce Skills – technological, managerial, entrepreneurial
- Material Resources – the combination of resources, technology and intellectual capital
- Capital – especially early stage
- Business Climate – emphasizing free, unencumbered markets (tax and regulations)
- Re-engineered Government – effective and efficient
- Physical Infrastructure – basis of sound economic growth
- Basic Public Services – quality of life issues

Functions of Economic Development

The function of the state is to serve as a facilitator for educating, building consensus, organizing resources and overcoming challenges. The state will help conduct a required comprehensive set of approaches including, new venture formation, attraction and retention of basic employment, trade promotion, small business efficiency, civic organization capacity, localized redevelopment, economic opportunity and sustainable development.

Development Strategies in the New Economy

SRDS focuses on the new economy drivers of quality education, workforce development, technology, infrastructure and quality government versus the old economy development drivers of fixed assets, financing and labor quantity. The new strategies discuss the “vital cycle” in which strong market fundamentals support competitive businesses and quality jobs that dampens taxing burdens and enhances the general quality of life as opposed to the “vicious cycle” of where lack of investment begins the downward business, jobs, income, tax burden spiral. SRDS goes into a fair amount of detail on the strategic action items. There are four basic foundations or functions for Illinois new economy development strategies spelled out in the SRDS: Market Foundations, Business Development Functions, Public Service Foundations and Community Betterment Functions.

Market Foundations

Market foundations in SRDS focus on three items, Workforce, Material Resources and Capital Base. It then explains the importance, action recommendations and ongoing efforts of each. We summarize below.

Invest in the Skills of the Workforce

SRDS presented four basic workforce development requirements for an area to develop and maintain a high quality workforce:

- Build basic workforce skills through the K-12 education system
- Promote life-long learning to maintain relevant skill set
- Enhance workforce development to workers so they remain adaptable and progressing
- Increase availability and access to post-secondary education

Recommendations

- Basic skills – develop dynamic linkages between business and education that addresses new economy skills and prepares students with applicable, adaptable skills so they may respond to changing workplace needs.
- Life-long learning – business must take an active role in providing access to continuous worker training.
- Workforce Development – public entities must train workers in the latest technologies and use the best means available to upgrade workers’ skills for Illinois companies, including electronic based distance learning.
- Expand Higher Education Opportunities – colleges and universities need to make their resources available to workers and business, and they must also design their programs to be able to adapt quickly to the rapidly changing new economy demands.

Ongoing Efforts

- New Revenue to Education – education spending up \$1 billion, 10,000 new teachers to reduce class size, funds for parental involvement, Summer Bridge Initiative
- Employment and Training Center Network – 56 one-stop career centers for education, training and employment
- Skills Match System – a real-time, internet-based that matches employers needs with employee skills
- Industrial Training Program – helps Illinois businesses with employee training needs
- Education Technology – funding for first-ever Illinois Virtual High School
- School-to-Work Programs – expand the retail and animation programs to technology related fields

Invest in the Material Resources of the New Economy

Two items are highlighted under this section:

- Create a research and development presence
- Promote an environment for technology transfer and commercialization efforts

Recommendations

- Create a research and development presence by securing additional federal research funding
- Promote institutional seed beds of technology transfer and commercialization

Ongoing Efforts

- Illinois VentureTECH – a five-year \$1.9 billion state investment for advanced research and development in health sciences, information technology and biotechnology.

Strengthen the State's Capital Base

Two items were listed under this section:

- Nurture and expand Illinois venture capital network to global proportions
- Support Illinois' emerging health sciences, information technology and biotechnology industries

Recommendations

- The state must assist and create market institutions offering venture capital, particularly at the seed stage
- Investigate programs designed to retain emerging health sciences, information technology and biotechnology industries

Ongoing Efforts

- Illinois Technology Venture Council was formed to bridge the gap between ideas and commercial products. The governor has issued a challenge for the council to raise over \$800 million in investment capital over four years. Several state pension funds with combined assets of \$57 billion under management are assisting in this effort. Treasury controlled state assets will commit \$50 million to the initiative. Illinois Development Finance Authority will commit \$15 million over 3 years.

Business Development Functions

Business development pertains to improving the success of new and existing businesses, particularly small firms that must cope with global competitive issues. Illinois recognizes that the general public well-being is enhanced by the success of local area businesses. Illinois identified four business development functions: New Venture Formation, Basic Industry Support, Trade Promotion and Business Efficiency, and goes into much detail about each. We summarize below.

New Venture Formation – emerging growth sectors

- Assist in acquisition of investment capital
- Nurture new ventures and startups by providing business services
- Support incubation of high technology firms and their products
- Develop entrepreneurial and mentoring programs

Recommendations

- DCCA should continue to provide assistance to entrepreneurs in locating and securing capital
- State should boost technology development throughout its life cycle
- Support incubator services and promote technology clusters
- Use Illinois colleges and universities to expand offerings for entrepreneurial training, networking, internships and applied class project to local area start ups.

Ongoing Efforts

- Illinois Technology Enterprise Center (ITEC) – create more ITEC’s to help entrepreneurs secure investment capital and business services. One is established in Evanston.
- Technology Challenge Grant Program – DCCA program provides funding for science projects, commercialization centers, technology transfer activities and centers of excellence
- Research Parks – several research parks exist to assist high-tech firms
- Biotechnology Efforts – existing entities are placing high priority on biotechnology efforts

Attract/Retain Basic Employment

- Market the state’s advantages to high-tech entrepreneurs and companies
- Support retention of the state’s diverse base of existing firms
- Add value to in-state resources

Recommendations

- Develop marketing strategies to tout Illinois' economic advantages at the state and component area levels
- Support retention through a field staff to gather local business intelligence and provide services
- Add value to bulk commodity resources for export

Ongoing Efforts

- Relocation missions to educate, market to and attract out-of-state businesses
- Income tax credit for the creation and/or retention of high quality jobs
- \$66 million in funding for infrastructure in abandon sites tied to job creation criteria
- Field support for market development activities to business and local governments
- \$20 million five year commitment to technology related marketing

Encouraging Demand through Export Trade Promotion

- Expand international trade services and market intelligence
- Attract more travelers to Illinois
- Attract more international companies

Recommendations

- Expand trade services through public/private partnerships and put information on web
- Expand market for destination travelers and extend stays
- Market advantages of locating international firms in Illinois

Ongoing Efforts

- Adding four new International Trade Offices
- New tourism ad campaign – Right Here, Right Now – to be tied to new state image
- Conduct tourism industry study – due out summer of 2001

Improving Efficiency of Existing Small Business

- Expand manufacturing modernization services
- Increase assistance and counseling for small businesses
- Provide relevant and comprehensive market data to small and mid-sized firms

Recommendations

- Provide grants for businesses to retool if they will adopt state of the art technology
- Continue providing financial and managerial training services through existing SBDCs
- Provide more market data through an easily accessible vehicle – the web

Ongoing Efforts

- SBDC – Small Business Development Centers
- Manufacturing Extension Partnership

Public Sector Foundations

These are local government entities and other public concerns that can help to enhance the quality of life and local business climate, such as public services and infrastructure.

- Business Climate – competitive tax and regulatory climate
- Re-engineered Government – make routine administration and operations more efficient
- Physical Infrastructure – upgrade public utilities and transportation systems
- Municipal Services/Amenities – enhance safety, cultural and recreational amenities

Business Climate

Create a business climate for the New Economy through:

- Promoting one-stop permitting for small business
- Expanding the regulatory review framework that assist small business
- Adopt a presumption of compliance instead of command and control

Recommendations

- Explore creating a single point of entry for online business permitting and compliance information
- Expand outreach efforts so compliance information reaches those affected
- Shift regulatory compliance identification burden from business establishment to government assisted standards definition and solution implementation

Ongoing Efforts

- DCCA Regulatory Flexibility Program reviews all proposed regulations on a weekly basis for their impact on small business. The information is published and feedback is solicited.
- Environmental Hotline that answers compliance questions and serves as an information clearinghouse
- FirstStop Business Information Center provides information on legal, planning, and capital resources

Re-Engineer Government

Recommendations

- Adopt modern business practices in government such as accountability and develop planning tools
- Use public/private partnerships to deliver innovative public services using competition and choice
- Use digital technology to improve service delivery and lower costs

Ongoing Efforts

- Statewide Performance Review – 1999 executive order to review all state programs for alterations or eliminations. State agencies will produce an annual management plan as part of FY 2002 budget.
- Statewide Strategic Plan – Office of Strategic Planning established in 1999 to produce SRDS and implement planning tools at other state agencies
- Government Accountability Council – reviewed 41 state agencies to determine whether or not their administrative rules were contradictory to other provisions. Over 638 pages of Illinois Administrative Code was recommended for repeal (42,000 lines of code), another 411 sections of code will be amended.

Invest in Physical Infrastructure

- Fund advanced broadband and wireless infrastructure
- Maintain Illinois' transportation infrastructure

Recommendations

- Get digital backbone and feeders in place that leads the needs of users
- Equalize broadband access across all areas of state
- General investment in highway infrastructure

Ongoing Efforts

- True Grid and I-WIRE – testing next generation digital infrastructure linking major research centers
- Illinois FIRST – 5-year, \$12 billion public sector infrastructure improvement program

Basic Public Services

- Public safety and health services
- Recreational and cultural amenities

Recommendations

- Continue investment in fundamental social utilities
- Enhance tourism and the infrastructure that serves it

Ongoing Efforts

- Open Lands Trust – 4-year, \$160 million bonding program to set aside open land and wildlife habitat

Community Betterment Functions

Improve and enhance the center of community activity through

- Civic Organization Capacity – planning, organizing and funding development
- Area Redevelopment – reuse and rebuilding of physical environment
- Economic Opportunity – poverty levels and income distribution
- Sustainable Development – air and water quality and natural habitat

Civic Organization Capacity

- Support regional cooperation and coordination among area development organizations
- Empower leadership and increase civic organizations capacity to understand, plan and implement New Economy development best practices

Recommendations

- Create incentives for regional development organizations to share socio-economic information, knowledge, technology and other resources and promote cooperation between different levels of governmental
- Empower regional leadership through education of planning tools, methods and incentives

Ongoing Efforts

- Transportation Corridors Program – 5-year, \$15 million grant program for local governments to undertake smart regional planning activities

Area Redevelopment

- Target assistance to communities for redevelopment of brownfields and other site
- Facilitate community positioning initiatives

Recommendations

- More efforts to help distressed communities including field staff to manage development programs
- Expand business development programs customized for particular locale

Ongoing Efforts

- Community Development Assistance Program – federally funded \$20 million per year block grants for water and sewer improvements
- Suburban Tax Reactivation – redevelop abandoned properties, putting them back on tax rolls
- Linked Development Program – 5-year, \$30 million grant to match material resource supply with demand
- Enterprise Zone Program – tax incentives for 93 zones across the state to revitalize distressed areas
- Main Street – comprehensive program to revitalize downtown areas

Economic Opportunity

- Provide affordable housing and strengthen housing-to-job links
- Support working families through day care, etc.

Recommendations

- Develop more affordable housing and put it near job sites
- Provide more services for working families, such as day care and transportation

Ongoing Efforts

- Federal block grants to 36 Community Action Agencies
- Federal and state funding for affordable housing
 - \$7 million annually for housing rehabilitation
 - \$16 million for affordable housing assistance
 - Freshrate – down payment loans to first time home buyers
 - DCCA clearinghouse for information on affordable housing programs
- Illinois Workforce Advantage – interagency public service delivery centers

Promoting Sustainable Development

- Manage and recycle resources efficiently
- Coordinate regional land uses and balanced growth
- Provide training and technical assistance on regional land use planning

Recommendations

- Manage indigenous resources to maximize value, achieve environmental compliance, reduce business costs and maintain quality of life
- Coordinate regional land use to balance residential, commercial, and industrial development while maintaining a high quality of life level
- Provide information and education to regional constituents for land use planning and balance development concerns with economic progress

Ongoing Efforts

- Balanced Growth Subcabinet – Illinois Tomorrow – coordinated approach to balancing economic development with urban sprawl, reclaiming open space and blighted areas, reducing traffic congestion and promoting local government partnerships
- Grants for waste recycling, collection and processing programs

Common Component Area Issues

One of DCCA's objectives was to "establish a consensus on a long-term economic development strategy cognizant of the competitive position of the state's regions and the needs of commerce and industry". Illinois counties were divided into eleven geographic component areas configured by common economic structures. The component area planning process was defined and information was gathered through surveys and focus groups in each of the component areas. Input was incorporated into DCCA's SRDS process.

Stakeholder Participation

The component areas are responsible for not only representing their economic development interests before the DCCA, but also are charged with implementing the plans in their areas.

Workforce Preparation/Development

The top priority for every component area was workforce development. In particular, K-12 education was rated as the highest priority with post-secondary education and training ranking an important second. The most important K-12 issue was to incorporate the teaching of more applied skills. The K-12 education should be "dynamically linked" to the business community and teachers must be kept current with the skills demand of the New Economy.

Technology skills were also deemed of high importance. Further, the need for life-long learning access and the training of adaptive skills so the workforce can evolve with the economy was presented as mandatory for workforce development. School-to-work, Tech prep, and apprenticeship programs were also desired.

Business Development

Business development was designated as the second most important economic development issue. Improving the economic viability of new and existing businesses was recognized as being one of the critical drivers of the local economy. A successful business cluster underpins the “vital cycle” for jobs, tax base, public services and continuing economic prosperity for the region.

The top three areas of interest for area business development were: 1) entrepreneurial assistance, 2) manufacturing modernization, and 3) basic research and development. The commercialization of new technologies was also ranked highly as was International trade services programs.

Public Foundations

Highways ranked as the highest priority within the third ranked economic development issue of public infrastructure, particularly highways infrastructure in smaller communities. The second item of importance in the group was telecommunications, building the digital backbone. The penetration of broadband telecommunications network was seen as a primary vehicle to attract and retain new economy businesses. Public safety was rated third in the public foundations grouping.

Market Foundations

Little government interference was seen as favorable to a free operating market. Taxes were given as the item of most concern, particularly property taxes. Passenger air service was ranked second in importance. Extension of enterprise zones was of interest to revitalize distressed areas. General review of business regulations was also suggested as was overall support for a healthy business climate.

Community Betterment

Community betterment refers to supplying a level of services over and above the traditional health and safety services to the extent that the community is empowered to continue the “vital cycle” of community development and quality of life successes. Most of the component areas rated themselves high on the community service issues of health, safety, recreation and affordable housing. They rated themselves low, however, on items such as support for working families, smart growth, block grants, leadership training and cultural amenities.

Smart growth ranked first among the community betterment issues of concern. Health and safety issues came in second with affordable housing and recreational items following. Interestingly, those items which were rated as weaknesses, support for working families, leadership training and cultural amenities, did not even register as items requiring additional public attention.

The primary title given to community betterment was enhancement of quality of life. This encompassed everything from better education, affordable housing, more recreation and cultural

activities through the coordinated resources of all levels of government partnering with the private sector and citizen activism to enhance the local community.

Implementation Steps

The SRDS provides a map for Illinois' economic development plan. Responsibility for implementing the plan, on a state and regional basis, lies with three entities: 1) the component area development organizations, 2) DCCA, and 3) other various state agencies. Regional stakeholders have primary ownership of their respective development plans. DCCA will serve as a purveyor of funds and facilitator to the regional partnerships.

DCCA and the various component area organizations will continue to discuss development strategies and implementation plans as the SRDS moves forward over the course of the next four years. Consensus needs to be realized, strategies need to be identified, assignments must be issued and projects must be implemented.

Once funding has been allocated at the state level and distributed through competitive proposal awards, DCCA will facilitate the component area's development plans progression.

DCCA has the major role in furthering the component areas' development plans. DCCA will report on the progress of the component area plans and the SRDS. DCCA will report, as part of the state's annual performance review, established by SRDS, on the following (as take directly from the 2001 SRDS):

- **New Venture Formation** – Over the course of next year, a new strategic plan for technology will be prepared and a new program of technology enterprise development centers will be put in place statewide.
- **Attract/Retain Basic Employment** – Contingent upon legislative authority and financial and staffing resources, a new, regional retention program will be planned, designed and unveiled.
- **Export Trade Promotion** – By the end of the year, export trade services to Illinois firms will be expanded by leveraging public/private partnerships and making sales and market information available through a dynamic, Web-based delivery system.
- **Small Business Services** – Contingent upon receipt of financial resources, a state-level Internet-based one-stop permitting system for small business will be initiated in cooperation with key state agencies.
- **Civic Organization Capacity** – Over the next two years, additional analysis will be undertaken with the university partners with respect to historic strategies, industry clusters, development benchmarks and global competitive position to develop a “best of class” planning mechanism and planning document for the state.

- **Area Redevelopment** – Over the next two years, a pilot program for re-development costs will be designed and, contingent on fund allocation, a competitive proposal will be issued. Further, state enterprise zone program continuation will be a Department priority.
- **Economic Opportunity** – Over the next two years, a study and plan of key services required by Illinois' working families will be conducted, and funding sources, such as federal formula allocations and/or discretionary funding, will be identified.
- **Sustainable Development** – Over the next two years, a pilot program for regional, balanced growth capacity building will be designed and contingent on fund allocation, a competitive proposal will be issued.

DCCA has been assigned to perform two roles for the component areas during the FY 2001: 1) continue the commitment to the SRDS planning process and, 2) reallocate or adjust existing program efforts to match the component area needs

Under the SRDS, DCCA will lead in the ongoing review of state and component area strategic development plans. Comment and feedback from state agencies and component area organizations will be incorporated into the review process and development plans will be revised accordingly. State and regional economic development plans will be integrated and conflicts resolved. State agencies will issue periodic reports on the progress, performance and impacts of SRDS to assess the improvement in the state's development capacity.

During FY 2003, efforts will be directed toward monitoring the progress of the state's development capacity. Progress reports, performance measurement and impact analysis will be conducted to guide the progress of the five year SRDS. Adjustments will be made accordingly at the state and/or component area level for strategic plans, coordination schematics, resource deployment and/or implementation activities.

INDIANA – Break Away Growth

Indiana's strategic economic development plan was presented in April of 1999 through the Indiana Economic Development Council, Inc., entitled Break Away Growth (BAG). The plan included a benchmark analysis of many of the relevant economic indicators of income, employment, industry structure, and education. The analysis did not cast Indiana in a particularly bright light.

Indiana recognizes that future economic prosperity will not depend upon more jobs, but rather good jobs that pay well. Indiana has fallen behind the U.S. average in per capita income over the last 30 years, with 2000 per capita income at \$27,011, 91% of the U.S. average. Indiana has the highest manufacturing concentration in the U.S. in terms of employment, 23.3%, and share of gross state product, 31.4%. (Wisconsin ranks second in percentage of employment devoted to manufacturing, 22.7%.) The state's income fell behind during the early 1980 recession, never recovered and has, in fact, been losing ground ever since.

Furthermore, Indiana recognizes that the state's economic prosperity does not lie in traditional manufacturing industries and BAG states that much of the manufacturing production work can be done at more competitive prices elsewhere. They recognize also that future prosperity lies with technologically jobs. BAG goes on to say that Indiana companies must specialize in high value-added products and services, and become models of efficiency and innovation.

BAG focuses the state's resources in five areas: 1) workforce development, 2) fostering growth companies, 3) improving infrastructure and advanced logistics, 4) smarter (more efficient and effective) government, and 5) maximizing livable places (quality and affordability of life).

The council defines Break Away Growth as:

- the need to outperform competitor states and countries by
 - being the best location for businesses and families in the Midwest
 - becoming world renowned for free enterprise, smart government, quality education and livability
- the need to raise the bar substantially by
 - improving wages
 - increasing the number of high-skill, high-paying and advancement jobs
 - enhancing the quality of life
- the need to focus on areas that will set Indiana apart from competitors by
 - innovative services and products
 - pursuit of high performance in business, government and education
- the tenacity to stay the course through economic cycles by
 - committing to a long-term strategy that will sustain growth for two decades
 - preparing for short-term setbacks

BAG states six goals to be achieved by the year 2016:

1. Raise per capita income and average annual wages above the U.S. average
2. Attain the best purchasing power of any state in the nation
3. Secure the lowest poverty rate in the Midwest
4. Bring productivity above the U.S. average and rank the best in the Midwest
5. Earn the highest livable places rating in the Midwest
6. Create the highest rate of growth in the number of high-skill, high-paying jobs in the Midwest

Intermediate goals will focus on workforce skills, expanding infrastructure financing, increasing the number of high-growth, high-paying companies and striking a balance between urban and rural growth.

Indiana set six initiatives to launch growth. The initiatives are called Growth Boosters. Each Growth Booster has specific policy initiatives proposed to achieve the Growth Booster goals. The Boosters are:

1. Learning a Living – Being first among the states in the percentage of workers employed in manufacturing, Indiana’s workers enjoyed relatively high-paying jobs that required relatively little formal education. Indiana ranks 31st in high school diploma attainment and 47th in four-year degree graduates. The state has no formal community college system. Indiana now realizes that education and skilled training is the key to income growth in the new economy. BAG designates six policy initiatives under the Learning a Living Growth Booster.

- Provide consumers with timely information on the performance and outcomes of all elementary, secondary and post-secondary programs, including data on placement and earnings.
- Create a lifetime “Learning Opportunity Card”, a debit/credit card that provides financing for continual learning and degree completion.
- Launch the “Indiana Career Learning Account”, a line of credit for anyone who leaves school after age sixteen. The account would combine financial assistance by employers, philanthropic organizations and state government.
- Offer tax incentives for training to companies for investment in worker training.
- Develop performance-based customized training and enhance the Training 2000 programs including, 1) paying for performance criteria achievement, 2) increasing corporate investment to fund worker education and training, and 3) encouraging groups of firms to form “skills alliances”.
- Immediately reform the Indiana workforce development and training systems in congruence with the recently enacted federal Workforce Investment Act. The new law opens up training to a greater number of workers. Indiana has the opportunity to improve customer service and apply new information technologies.

2. Accelerating Development of Growth Companies – Indiana must increase its share of high-growth, high-paying companies if it is to realize its higher wages and incomes strategy. These companies are sought to be the “engines of quality economic growth”. Indiana’s entrepreneurial climate must be expanded across the state. Indiana’s universities graduate more knowledge workers than the state’s industries utilize. Business and education must communicate better to align worker talent with job skill requirements. This Growth Booster specifies five policy initiatives:

- Provide incentives for formation of local investment pools that take equity positions in small start-up ventures. These groups would be regulated by the state with a clear mission to make equity investments in the \$200,000 to \$3 million range.
- Shift the state economic development budget over a five-year period so as to create a balance between incentives applied to mainstream companies and those given to frontier and high-growth, high-paying firms. The state’s incentive efforts should focus on fast-growth, knowledge-based, innovations-driven businesses.
- Broaden the eligibility for personal property tax abatements and sales tax exemptions to include R&D and computer and high technology equipment. Communities need

flexibility to use tax incentives to attract companies' headquarters, firms with high R&D spending, high-paying, innovative technology and knowledge-based firms.

- Focus state economic development programs and activities around self-selecting industry alliances. This plan calls for increased funding for the Strategic Development Fund, along with greater emphasis on performance-based rewards and promotion of interfirm collaboration.
- Create the “Innovations Development Contingency Fund” as part of the state budget. The fund would provide state matching dollars for major industry, university and other joint R&D ventures, including more federal funds.

3. Improving the Crossroads with Infrastructure and Advanced Logistics – Indiana must take advantage of its central location for the distribution of manufactured goods. To that end, the state's transportation infrastructure must be in top condition and efficient. Policy initiatives include:

- Making the highway bonding program permanent to provide long-term highway improvements funding.
- Create a “State Infrastructure Bank” that would provide revolving funds to communities to build and improve their infrastructures, roads, telecommunications, and utilities.
- Establish an alliance between industry and government to strengthen the advanced transportation and logistics services industry within Indiana. Led by private industry, this initiative is to provide a forum to set priorities for developing the human resource needs, long-term planning strategies and advanced logistics to service the needs of industry.
- Provide a special fund for promoting Indiana to the world through high profile marketing initiatives over the next five years. This initiative calls for the coordination of marketing and promotion for global travel and trade.

4. Leading the Way with Smart Government – state government must be more flexible and efficient. Local governments must be allowed to exercise more authority and flexibility to respond to the federal and global issues they face. This Growth Booster presents eight policy initiatives:

- Increase the number of options for, and the flexibility of, raising local government revenue. Local revenue caps need to be raised and other tax options should be explored.
- Restructure local property tax limits to avoid penalizing growth communities. Growing communities must have available funds to cover local area service requirements.
- Provide sub-county and county-level options to consolidate units and/or services of government. The initiative would provide a new legislative framework to consolidate government and service entities.
- Provide state funding to support sub-state and multi-jurisdictional growth and development strategies. The state would provide matching funds for voluntary multi-jurisdictional planning initiatives.
- Facilitate the simplification of regional boards and commissions to encourage regional development strategies that drive local projects and requests for state agency funding.
- Establish a coordinated, automated one-stop permit process. Agencies should provide a simultaneous, rather than sequential, review and approval process.

- Fund the State Information Center as a line item and launch a pilot of the “Indiana Environmental Extension Network Model” (IEENM). The IEENM would provide businesses and municipalities with a web-based backbone to enhance the transfer of information about regulations, technology, consultants and innovations.
- Co-locate and consolidate all state development finance functions under the Indiana Development Finance Authority. The reorganization would increase expertise and achieve economies of scale. The goal is to reduce the number of grant-in-aid programs, and move to higher leverage solutions.

5. Creating Livable and Healthy Places to Live, Work, Play and Raise a Family – Indiana realizes that a high quality of life will attract highly paid workers and sustain the community environment for the future. Policy initiatives include:

- Further the work of the state’s Farmland Preservation Task Force, as related to urban redevelopment and non-metropolitan growth. Review the task force work and act upon recommendations.
- Expand the tax increment financing for a variety of community development and environmental applications. TIF would be expanded to allow for creativity to finance redeveloping distressed urban areas.
- Create an aggressive brownfield development incentive package to spur major redevelopment initiatives.
- Create a state-level “Sustainable Economic Development Corporation” to invest in and provide technical assistance to local areas seeking to link development related to the economy, the environment, recreation and conservation. Establish a private or private/public entity to provide development planning services, encourage recreational development in public facilities and provide expertise in conservation and ecological planning.
- Provide for performance-based pollution prevention tax credits that would sunset in five years. The idea is to provide tax credits for investment in new equipment and practices that reduce waste and minimize toxic emissions.
- Coordinate a statewide Geographic Information System that links government, university and private GIS efforts.

IOWA – Iowa 2010, The New Face of Iowa

Iowa’s economic development plan is laid out in Iowa 2010, The New Face of Iowa (Iowa 2010), a report from the Governor’s Strategic Planning Council. The council was established by executive order in early 1999 to chart a ten-year course toward a more dynamic, prosperous state. The council consisted of 37 persons from across Iowa. Input from across the state was sought and fifteen town meetings were held that attracted 2,600 people with another 60,000 offering input through telephone calls, letters and a website. Hundreds also took part in work groups and other committees.

Iowa 2010 sets eight goals to turn Iowa into one of the leading states in the nation. The eight goals focus on:

A Diverse Population	Global Electronic Access
Life Sciences	Great Place to Visit and Live
Higher Wages and Income	Lifetime Education
Natural Resource Preservation	Smart Government

Each goal has a list of action items. Each goal has identified leadership roles and measurable indicators to monitor goal progress that can be found in the Iowa 2010 document.

Iowa Goals

Goal 1: Iowa Welcomes a Diverse Population – by 2010, Iowa seeks to increase its number of working people by 310,000 through retention and attraction. Specific action items suggested are:

- Develop and implement strategies to attract immigrants, former Iowans, particularly college graduates, and form government/industry partnerships to encourage Iowa educated students to stay in the state through job prospects and financial incentives such as loan forgiveness.
- Request federal designation as an “immigration enterprise zone” to eliminate immigration quotas and speed processing.
- Establish “Diversity Welcome Centers” to help multicultural citizens overcome local legal and cultural challenges.
- Evaluate and solve housing issues in the state.
- Amend the Iowa Civil Rights Act by 2002 to prohibit discrimination based on sexual orientation and gender identity.

Goal 2: Electronically Connected to Each Other and the World – by 2005, all Iowans will have access to advanced telecommunications services that are appropriate to their needs at affordable, nationally competitive prices. Specific action items include:

- Amend the Code of Iowa (Iowa’s constitution) to allow Iowa Communications Network (ICN) to lease facilities or excess capacity to private telecommunications providers. ICN is a state agency that administers a statewide fiber optics network. The capacity of the Network enables authorized users such as hospitals, state and federal government, public defense armories, libraries, schools, and higher education, to communicate via high quality, full-motion video, high-speed Internet connections, and telephones.
- Amend Code of Iowa to allow ICN to provide services at nationally competitive rates.
- Rebate telecommunications sales taxes on purchases of advanced telecommunications equipment for use in rural areas.
- Provide lifelong learning in use of advanced telecommunications equipment and applications.
- Assure that every Iowa community has public access to advanced telecommunications services.

Goal 3: Life Sciences Capital of the World – by 2010, have Iowa known as the consumer-driven life sciences capital of the world.

- Leverage Iowa’s life sciences assets to accelerate economic development related to value-added agricultural products, biotechnology and other life sciences disciplines.
- Develop more diversified agriculture in Iowa through specialty foods and ethnic market opportunities.
- Develop a unique branding and marketing program for Iowa’s agricultural products.
- Transfer advanced technology and farming practices to small farms.
- Support fair and open trade policies.

Goal 4: A Great Place to Visit and to Live – by 2010, make Iowa a premier recreational destination.

- Develop and promote new and existing recreational opportunities.
- Bring Iowa’s tourism advertising budget up to comparable level of surrounding states.

Goal 5: Higher Wages and Income – by 2010, make Iowa wages and income equal or higher to those of the Upper Midwest States.

- Focus economic development resources on high-tech, high-wage, growing industry clusters – information solutions, advanced manufacturing and life sciences.
- Accelerate entrepreneurial development of target industries, particularly technology and life sciences start-ups.
- Improve all Iowan’s access to education, training and skill development using, among other resources, Iowa Passport, a electronic distance learning system.
- Target higher education as a growth industry for Iowa through financial incentives for businesses and out-of-state students.
- Radically simplify and improve transparency of Iowa tax code.
- Effectively use and leverage Iowa’s higher education system to achieve Iowa 2010.

Goal 6: Education for a Lifetime – by 2010, have all Iowa children benefit from early education opportunities and allow lifelong learning opportunities.

- Implement child care and preschool subsidies for every Iowan family with below 85% of state median income.
- Reimburse child care providers for full cost of quality care.
- Pay competitive wages to teachers.
- Allow for “self-forming cooperatives” of school districts and other agencies to increase efficient use of resources and provide financial incentives to do so.

Goal 7: Protecting and Preserving Our Natural Resources – by 2010, have all Iowans recognize that healthy air, water and soil are integral components of Iowa’s infrastructure.

- Provide technical assistance and financial incentives to farmers to improve water quality.

- Create strategic plan to market ethanol and wind energy.

Goal 8: Smart Government Works for Iowans – by 2010, state and local governments will achieve national recognition for government effectiveness and efficiency.

- Increase regional delivery of local government services.
- Modify the Code of Iowa to allow merging or elimination of elected offices for administrative functions and permit regional alliances to establish new forms of government.
- Explore consolidation of school districts.
- Perform a thorough performance review of all state spending.
- Use technology to give Iowan’s 24/7 access to government.
- Encourage public/private partnerships to deliver government services.
- Increase access to federal aid.

Iowa Goal Costs

The Council also estimated costs associated with each of the eight goals. Estimated cost of implementing Iowa 2010 totals some \$4.72 billion dollars over the decade based upon the annual spending figures outlined in the table below. Further cost breakdown is available in the Iowa 2010 document.

Estimated Annual Cost of Achieving Iowa 2010

Goal	Million \$ per year
Goal 1: Population Diversity ¹	\$2.8
Goal 2: Electronically Connected to the World	\$37.0
Goal 3: Life Sciences Capital of the World	\$8.2
Goal 4: A Great Place to Visit and to Live ²	\$30.9
Goal 5: Higher Wages and Income	\$23.5
Goal 6: Education for a Lifetime	\$358.3
Goal 7: Protecting & Preserving Natural Resources	\$10.9
Goal 8: Smart Government Works for Iowans ³	\$0.1
Total Estimated Annual Spending	\$471.7
¹ Assumes five Welcome Centers @ \$200,000 per year	
² Assumes 20% spending per year of \$20M @ 5 flagship park	
³ Does not include \$500,000 for one-time spending review	

MICHIGAN – MEDC

Michigan’s development plan is constructed in a different manner than those of Illinois and Minnesota. After assessing the state’s strengths and weaknesses, the number one economic development priority became one of attracting and retaining talented individuals. All programs are either directly or indirectly related to that end.

Michigan has laid out a broad agenda of four policy initiatives and created a separate entity, the Michigan Economic Development Corporation, to carry out the economic development agenda.

The Michigan Economic Development Corporation (MEDC) is a public corporation created through a partnership between the state and local communities across the state. MEDC consolidates all of Michigan's economic development programs into a business entity with a long-term horizon. MEDC is funded with state and corporate funds totaling \$133 million dollars in 2001, \$98.3 million from the state and \$34.4 from private corporations. Funding sources include the federal government, Indian Casinos, Tobacco Settlement Money, and Equity Investments from funded Start-ups.

MEDC is the conduit for economic development information and services to citizens, business and local communities. It oversees and conducts a wide variety of programs with the common focus of making a prosperous, new economy state. MEDC acts as a consultant to communities and businesses and has a field staff that visits communities and businesses to collect information and supply economic development services to this clientele

Three of the four agenda items below, excepting public education, essentially fall under the purview of the MEDC,

- improving public education and job training,
- fostering the development of a sophisticated technology and telecommunications infrastructure,
- redeveloping the state's cities for attracting business, and
- providing new services for high-technology businesses.

On the education front, the state funds every public school student at no less than \$6,500 and the funds follow the student. Every teacher has a laptop computer, training, internet access and curriculum support. Thirty thousand students have access to online learning. Hundreds of technology courses are available online to 800,000 students, small business employees and nonprofits. Michigan had an independent audit of the public schools covering over 1,400 fields of information and published the results online.

The MEDC acts as an economic development consultant and offers seven distinct services:

- 1) Business Development – business retention and attraction services such as site location, business finance and tax incentives, worker recruitment and job training.
- 2) Business Services – financial, operational, regulatory consulting services
- 3) www.Michigan.org -- 24/7 access to state services, employment/employee searches, data, regional profiles, export connections, permits and licenses, etc.
- 4) Emerging Business Sector Development – focus on assisting information technology, life sciences, and advanced manufacturing companies through policy advocacy, investment, financing facilities and technology transfer.
- 5) Economic Policy – serves as a think tank for data gathering and analysis, economic development strategies, and policy discussions.
- 6) Marketing – marketing for worker attraction, business attraction and product markets.
- 7) Travel Michigan – attraction of business and recreational travelers to the state.

In order to achieve MEDC's mission of promoting smart economic growth to create good jobs and a high quality of life, MEDC has focused on the Smart Tech Agenda (STA). The STA is the realization, strategic plan and implementation scheme to put Michigan at the forefront of the New Economy. There are five items in the STA:

- 1) Build a Critical Mass of High-technology Companies –
 - a. Smart Zones across the state are intended to encourage the growth of high-technology business development by creating clusters of new and emerging companies that are primarily focused on commercializing public and private research & development efforts. These eleven zones receive tax incentives and state funding to “jumpstart” the development process, and raise the awareness of the state’s high-technology advantages.
 - b. Life Sciences CorridorSM (LCS) is a twenty-year, \$1 billion dollar state investment stream program to develop a life science cluster in the state. Fifty million dollars a year of tobacco settlement money is specifically directed to the LSC initiative. MEDC is the lead on this as it is on most of Michigan’s economic development initiatives. MEDC hired the Battelle group to develop a Michigan life sciences strategy. The twenty-year goal is to make Michigan one of the world’s premier life sciences research and commercial centers. The report is published on the MEDC website, www.medic.michigan.org.
 - c. Target Industry Cluster Attraction Campaign is an effort to identify high-technology firms around the country that are most likely to consider investment in Michigan. Targets are businesses that have suppliers, customers, and other characteristics linking them to the state.
- 2) Ensure a 21st Century Infrastructure –
 - a. LinkMichigan is a plan to give every citizen access to the education and training resources of the world, every government agency immediate access to necessary information and every citizen and business ready access to government information. Michigan realizes that a sophisticated technology and telecommunications infrastructure is the key to both business and citizenry development – “Improving access to high-speed telecommunication services is the most important state economic infrastructure issue for the new century”. The state wants the private sector to own, operate and manage the infrastructure and will provide incentives to carry out the desired goal. Specific recommendations presented are:
 - i. issue a request for proposal for advanced telecommunications services to all state, higher education users, K-12 users, local government users, and any other public partners. The winning provider will be required to build and maintain the high-speed backbone that will serve all entities and require the provider to release unused capacity to third-party users on a non-discriminatory basis. The Michigan Department of Management and Budget has implementation responsibility;

- ii. establish a level regulatory playing field for all telecommunications providers, establish one common tax and fee system, and enact a one-stop right-of-way permitting system. Michigan Public Service Commission has implementation responsibility;
 - iii. require all providers to make available specific capacity and location information, develop and enforce quality of service standards, link reporting to the approval of right-of-way permitting. MEDC and local development agencies have implementation responsibility;
 - iv. provide community grants so local officials can develop their own “last mile” solutions, encourage local communities to link strategies to the statewide backbone initiative. Assistance will not be given to communities that establish barriers to new telecommunications investment. MEDC has implementation responsibility.
- b. Core Communities Initiative will help to redevelop distressed urban communities, including limiting liability for brownfield contamination. Fifty million dollars can be used for land purchases, site preparation, infrastructure building, operating costs, etc. Some money will be used to jumpstart Smart Zones. Michigan has also established 20 Renaissance Zones to encourage redevelopment of distressed areas. These zones are virtually tax-free areas to attract the revitalization of a specific area, including urban, rural and former military sites.
 - c. M-TECsSM, MMTC, MVU the state’s continuing workforce training centers will be expanded to the help serve more workers.
- 3) Facilitate Greater Access to Capital through a better network of matching angel investors to entrepreneurs, attracting more venture capital firms to the state, and the establishment of an Emerging Technology Matching Fund to match up to \$150,000 to fund technology transfer from the state’s universities research and development opportunities.
 - 4) Create Entrepreneurial Environment with Industry and Regional groups’ activities combined with the assistance of MEDC to: enhance the networking opportunities for entrepreneurs and supporting services; sponsor conferences for sharing research and business ideas and global marketing of activities; establish an Entrepreneurial Academy that uses National Governors’ Association grants for developing entrepreneurial oriented policies and securing federal funds; create University Tech Transfer Positions that will be funded by MEDC on a 50/50 basis.
 - 5) Sustain the Image of the State as a High-Tech Work Location as Michigan ranks poorly in the number of people that migrate into the state. MEDC will undertake four strategies to try to remedy the situation: Out-of-State Worker Recruitment Campaign to improve the perception of Michigan as a high-technology state; College Graduate Retention and Recruitment Campaign to keep and attract college graduates in engineering, computer science and life science from other Midwest states and encourage in-state internships for

undergraduates; Repositioning Our National Image generated a study putting Michigan in a “brighter high-tech light” and an ongoing study about technology positions in traditional industries; Graduate Migration Research Study will seek to understand the motivations of migrating technologically students.

MINNESOTA – *The Big Plan*

Minnesota also has a development plan, although much less structured than the other states’ plans and primarily laid out in “The Big Plan” as put forth by Governor Ventura’s office. The Big Plan (TBP) is a broad reaching dictation of Minnesota’s development policies. TBP does serve, however, as a development policy directive with visions, initiatives, and lead agencies to carry out the initiatives identified.

TBP is presented with four major initiatives: Healthy, Vital Communities; Self-Sufficient People; Service, Not Systems; and Minnesota: World Competitor. Each is broken down further into sub-initiatives. Some of the development areas the initiatives address overlap, such as education, more efficient government, and a modern workforce.

Healthy, Vital Communities

The Healthy, Vital Communities initiative has the greatest number of specific sub-initiatives, which we list below.

The Best K-12 Public Education in the Nation – the plan is to “erase the word voucher from the vocabulary” by improving student achievement in every public school. TBP put responsibility for raising the education bar on parents, teachers, and administrators at all levels. TBP calls for school spending based on results while clearly decentralizing school practices. TBP wants to define the state’s role in setting standards and then assign accountability for achieving those standards at every level of school governance, including parents and taxpayers. The plan also seeks to better coordinate interagency resources, including Public Safety, Metropolitan Council, Corrections and Housing Finance, to apply best practices to K-12 education. Children, Families and Learning is the lead department charged with reviewing state and local governance arrangements for education and related child and family services. The team will also recommend reforms to clarify state and local responsibilities, accountability and opportunities for raising achievement levels. Children, Families and Learning is co-lead with Minnesota Planning on this issue, along with an outside consultant, Augenblick & Myers.

Improving the Competitive Position of Rural Minnesota – agriculture is deemed a critical segment of the state’s economy. The Department of Trade & Economic Development (DTED) has the lead to help rural communities provide employment opportunities for young people and for farm families to support their farm income.

Light Rail Transit – light rail transit would augment the total transportation system to move goods to market and workers to jobs. The transportation department and Metropolitan Council are assigned co-leads.

Growing Smart in Minnesota – TBP would shift from mandates to incentives for communities to halt urban sprawl and traffic congestion. Funding would go first to those communities that embrace smart growth policies and tools. Metropolitan Council, Municipal Board, I-94 and Minnesota Planning are co-leads on this issue.

Partnerships for Affordable Housing – affordable housing is viewed as a local business attraction and retention issue that in turn supports the local tax base and infrastructure for a “vital local economy”. The Housing Finance Agency is the lead agency.

Multimodal Transportation to Get People and Goods Around Statewide – the Department of Transportation and the Metropolitan Council are to lead the initiative for a long-term, comprehensive transportation solution that will foster Minnesota’s economic prosperity and quality of life.

Telecommunications as Economic Development – TBP encourages and promotes electronic commerce and seeks to eliminate all barriers, thereto. Legal, regulatory, infrastructure, and geographic barriers are to be overcome. A visionary communications network across all mediums to support business, government, and education should be installed. Furthermore, every resident, business, government office, and education facility should have access to the network. Goods and services should transact across this network in a competitive marketplace. The network itself should be constructed free of the current non-competitive, regulation based environment. Initiative leaders are the departments of Administration, Commerce, Trade & Economic Development and Minnesota Planning.

Living Human Rights & Respect – TBP wants to ensure that every state citizen has equal opportunities to education, housing, and employment, while giving Minnesota the rewards of every citizen’s contribution to the economy and culture of the state. The Department of Human Rights is the lead on this issue.

Reliable Energy & Consumer Choices – the administration supports the shift from a regulatory environment to one of competition and consumer choice. The state also encourages energy providers to supply a reliable energy product at a reasonable price in an environmentally sound manner while offering alternative fuel-generated power choices. The Department of Commerce is to lead this initiative with support of the Public Utilities Commission and the Minnesota Pollution Control Agency.

Ensuring an Information Highway that Leaves No Community Excluded – TBP wants the installation of the visionary communications network to all local community institutions including local governments, criminal justice systems, health and education facilities to facilitate the efficiency and effectiveness of information. The objective is to provide greater access, ease and convenience for citizens using government services and for increased commerce. The Department of Administration and the Iron Range Resources & Rehabilitation Board are the leaders of this initiative.

Self-Sufficient People

The premise for this initiative is that with a little help from the state, each individual can prosper in the Minnesota tradition of hard work, discipline and individual contributions to the public good. The state will serve as a support, but “not a hammock”. This initiative contains six sub-initiatives.

Transitioning from Welfare to Self-Sufficiency – through the Minnesota Family Investment Program, the state will assist individuals and families to achieve full employment and self-sufficiency. Job training, transportation, childcare, health care and affordable housing services are available on a limited basis to help families transition to self-sufficiency. It is also the goal that supporting state and local agencies work together with clearly defined and mutually supportive roles and responsibilities. Human Services is to serve as the lead department.

A Health System for the Next 50 Years – TBP seeks to create a health care system that will address the pending needs for the aging baby boomers and all others. The system should invest and reward prevention and healthy life-style choices and shed the “entitlement” mind set. The uninsured should also be incorporated into the system for preventive care to lessen the long-term costs of the whole system. The Health Policy Committee will serve as the lead.

Insisting that Parents PARENT – the administration advocates policies and programs that limit the state’s role in raising children. The state will fund the best school system possible, encourage parent involvement in their communities and cut tax burdens so parents have more time and resources to devote to their children. The state will also provide better access to information and community services. Governor’s and Lt. Governor’s office will take the lead on this initiative.

Independent Living – TBP seeks improved strategies and services to allow seniors and disabled citizens to remain independent and more self-sufficient. Lead to be taken by Human Services.

Assuring Lifelong Learning for Work and Life – TBP will expand and enhance the access and availability of continuing education through the best and most innovative means possible. Expanding upon the post-secondary education system, the state will provide increased access to education and training to all citizens. Improved and modern education infrastructure, such as distance learning tools, will be made more accessible and training programs will be placed where the demand is. The Governor’s Office will take the lead on this initiative.

Tobacco Settlement Endowments: Improving Health Status for All Minnesotans – the final tobacco settlement payment of \$343 million will be split into two endowments. The Medical Education endowment will receive \$165 million to support graduate medical education. The total endowment will generate over \$8 million per year for the Academic Health Center to increase the number of health care professionals and enhance training. The other \$179 million will go to the Kids Learn endowment. The total endowment will generate almost \$9 million dollars per year to implement intervention and immunization programs to improve children’s health status. The Health Department has this initiative’s lead role.

Service, Not Systems

One of TBP's main initiatives is that of making government more efficient, more effective, more accountable and more transparent. The focus on government under TBP should be customer service. Six sub-initiatives are laid out to address right-sizing government.

Rein in Rulemaking & Excessive Regulation – a periodic review of existing rules and regulations should be undertaken to determine which are obsolete. The process should include input from stakeholders and citizens. The Governor's Office will take the lead on this initiative.

Single House Legislature – moving to a unicameral legislature would eliminate the bi-partisan bickering and make all lawmakers accountable for their activities, unable to pass the buck to the other party, and wrest the power from the hands of a few party leaders. Lead department is Minnesota Planning.

A Tax System that Makes Sense – the move is to simplify the tax code, make it transparent to the taxpayer and have those that supply government services be the ones that levy the tax for that service. The tax system must be reviewed to assure the code is offering the desired incentives to the taxpayer. The Department of Revenue is the assigned lead.

Active, Engaged Citizens – Goal is to achieve a 70% voter turnout in every election. Governor's Office has lead responsibility.

State Departments: Best Bang for the Buck – success is to be measured by outcome not process. Duplication of services should be eliminated. Similar functions should be grouped together in common or clustered facilities. Information technology should be implemented wherever and whenever possible. The departments of Administration and Employee Relations are co-leads.

Reforming "Politics as Usual" – reform campaign practices and limit the influence of special interest groups to level the playing field between incumbents and challengers. Governor's Office has the initiative lead.

Electronic Government Services – an integrated information system for government entities for cross-referencing purchasing, inventory, and sales should be implemented. Furthermore, constituent tax filings, payroll communications, licensing and registrations should be cross-referenced and supplied through a one-stop mechanism. Department of Administration is lead department.

Minnesota: World Competitor

“In order for Minnesota to be a world competitor, the state must have the best government, the best businesses, the best labor force, the best products and a conduit to global markets.”

Trade: Tapping the World's Interest in Minnesota – the governor's notoriety has placed Minnesota in the spotlight. The state should take advantage of the limelight. The state will create a “World Plan” that provides a county-by-country strategic analysis to assess the best

potential markets for Minnesota's goods and services. The Department of Trade & Economic Development (DTED) and the Minnesota Trade Office will share the lead.

Agriculture: Competitive Anywhere in the World – the state's agriculture products must be the best value, either through lower costs or value added to commodity products. Agriculture must be supported by reasonable tax policies, environmental regulations, and land use regulations. Agriculture must also have access to capital, financing, research and technology transfer, and an adequate transportation infrastructure. Expanded global marketing information must also be made available to the state's farmers. Modern farm management practices should also be applied. The Department of Agriculture takes the lead role.

Developing the Workforce for Tomorrow – demographics dictate a labor shortage in the future. The workforce must be well-trained, flexible and healthy. Therefore, continuing education and training programs, and proper health care are mandatory for maintaining a relevant and dependable workforce that can meet the challenges of the global marketplace. Economic Security and DTED are lead departments.

The Best Climate to Grow Business – business development must focus on high growth industries and high quality jobs. Install a healthy business climate to attract and retain Minnesota businesses. Create linkages between community leaders, resources and businesses. The state will support innovative practices and entrepreneurship through capital availability, technology transfer and management expertise. DTED is this initiatives lead department.

Commercialization of New Technologies – the state will encourage the successful transfer of research and technology from the universities and other research centers to the private sector. DTED and the Department of Administration are the lead departments.

Jesse “The Tourism Governor” Ventura: Promoting Minnesota, Promoting the Industry – Minnesota is currently in the limelight. The state must capitalize on the visibility to show why Minnesota is a place worth investing in. Monthly governor's tourism message will serve to pronounce “why the world should come to Minnesota!” Department of Trade & Economic Development will team with Minnesota Office of Tourism to lead this initiative.

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