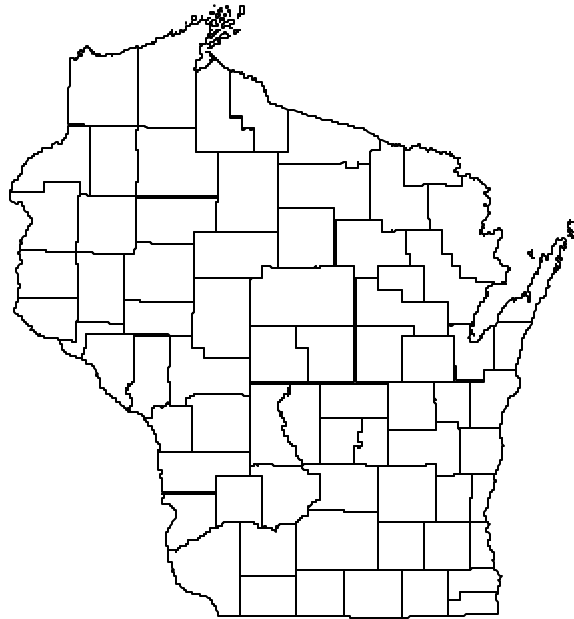


# ***A REGIONAL ECONOMIC GROWTH STRATEGY***

***DOES IT MAKE SENSE FOR WISCONSIN?***



**A White Paper for Economic Summit IV - 2003**

***Presented for consideration  
by a workgroup comprised of individuals who care about  
Wisconsin's future***

# CONTENTS

---

---

<i>REGIONAL ECONOMIC DEVELOPMENT WORKGROUP .....</i>	<b>3</b>
<b>I. INTRODUCTION .....</b>	<b>4</b>
<b>II. CURRENT REGIONAL STRUCTURES .....</b>	<b>5</b>
<b>III. REGIONAL MODELS .....</b>	<b>7</b>
➤ <i>WISCONSIN .....</i>	<b>7</b>
➤ <i>A FEW OPTIONS TO CONSIDER .....</i>	<b>8</b>
➤ <i>NATIONAL .....</i>	<b>10</b>
<b>IV. BENEFITS TO REGIONAL APPROACH.....</b>	<b>13</b>
<b>V. BARRIERS TO REGIONAL APPROACH .....</b>	<b>14</b>
<b>VI. OVERCOMING BARRIERS .....</b>	<b>15</b>
<b>VII. COLLABORATIVE AND COOPERATIVE GOVERNANCE .....</b>	<b>16</b>
<b>VIII. FACTORS TO CONSIDER .....</b>	<b>18</b>
<b>IX. CONCLUSION .....</b>	<b>20</b>
<b>X. APPENDIX -CREATE YOUR OWN REGION MAP AND SURVEY ....</b>	<b>22</b>

## **REGIONAL ECONOMIC DEVELOPMENT WORKGROUP**

---

This group of interested participants was convened for the purpose of initiating a statewide dialogue on a regional approach to economic growth. The catalyst for this effort was the Economic Summit IV, a venue to discuss new ideas and new approaches for the state.

The workgroup met several times, listened to speakers, reviewed the literature, and debated the pros and cons of regionalism. Not all group members agreed with every idea that is included here but all were intrigued by the possibilities of a regional approach to economic growth.

This paper is presented as a product of this initial dialogue but by no means should be considered the end. The workgroup hopes that these ideas will spur others to talk about regionalism and what it has to offer Wisconsin.

- 
- ❖ Jan Alf, President, Wisconsin Economic Development Association
  - ❖ Jerry Arndt, VP/GM, Trane LaCrosse Operations
  - ❖ Elizabeth Burmaster, Superintendent, Department of Public Instruction
  - ❖ Frank Busalacchi, Secretary, Department of Transportation
  - ❖ Craig Carlson, Executive Director, Eau Claire Industrial Corporation
  - ❖ Richard Carpenter, President, Wisconsin Technical College System
  - ❖ Greg Diemer, Vice Chancellor, UW-Stevens Point
  - ❖ Wendi Dunham, ED Manager, Door County Economic Development
  - ❖ Roberta Gassman, Secretary, Department of Workforce Development
  - ❖ Nick George, Executive Director-Public Affairs, Wisconsin Manufacturers & Commerce
  - ❖ Tim Hanna, Mayor, City of Appleton
  - ❖ Kathy Heady, Area Development Manager, Department of Commerce
  - ❖ Ed Huck, Executive Director, Wisconsin Alliance of Cities
  - ❖ Elizabeth Kluesner, Executive Assistant, Department of Natural Resources
  - ❖ Dennis Leong, Section Chief, Department of Transportation
  - ❖ Terry Ludeman, Chief Economist, Department of Workforce Development
  - ❖ Debbie Mahaffey, Vice President, Wisconsin Technical College System
  - ❖ Don Mash, Chancellor, UW-Eau Claire
  - ❖ Don Nichols, Director, LaFollette School of Public Affairs
  - ❖ Mark O'Connell, Executive Director, Wisconsin Counties Association
  - ❖ Aaron Olver, Executive Assistant, Department of Commerce
  - ❖ Kevin P. Reilly, Chancellor, UW-Extension
  - ❖ Randy Romanski, Executive Assistant, Department of Transportation
  - ❖ Matthew Stohr, Economic Development Specialist, Wisconsin Counties Association
  - ❖ Tom Still, President, Wisconsin Technology Council
  - ❖ Julia Taylor, President, Greater Milwaukee Committee
  - ❖ David J. Ward, President, Northstar Economics

*Convened by:  
Richard Wegner and Jennifer Alexander*

*Paper prepared by: Sue Gleason, Department  
of Workforce Development*

## ***I. INTRODUCTION***

---

We know why economic development is so important. It helps pay the bills, brings us together to maintain a strong economy, creates and retains desirable jobs, increases the tax base and helps us provide the level of services that Wisconsin residents expect.

### ***So why regional economic development?***

The concept of regionally focused economic development for Wisconsin has been floating around for the past few years and the question must be asked:

- Are there economic gains to be had by focusing our energies and resources on our unique regions rather than as a state as a whole?

The answer to this question is yes. The following bullets highlight some of the reasons that this approach ultimately makes sense for Wisconsin. These points are made here to answer the **Why** question so that we can move forward to the bigger discussion of **How**.

- ***We already are regional by nature due to our population dispersion.*** Unlike Minnesota and Illinois, we are not concentrated in one primary urban area, but instead are spread across the state with 11 separate metropolitan statistical areas (MSAs). Wisconsin is one of only a few states with MSAs that are over 400 miles apart. Two that are highlighted in this paper are California and Florida, both of which have adopted regional economic growth strategies.
- ***Our economies have developed regionally,*** somewhat due to their dependence on Wisconsin's unique natural resources, i.e. agriculture, paper, tourism, and manufacturing. The human resource talent pool, transportation opportunities, and educational infrastructure developed around those key regional economies.
- ***Regional economic development supports the development of industry clusters.*** Regionally important clusters must be recognized and supported for that region to prosper economically. Only if we are organized into functioning regional economies can we adequately support industry clusters that might be arrayed across several regions. Additionally, a statewide view of economic data would miss some of those important regional economies. To use a forestry analogy, if we look only at the forest, we might miss some really nice trees.
- ***In the global economy, the competition is across the oceans not the county line.*** The world has fundamentally changed, making it very difficult for individual counties, towns and cities to compete for business locations and expansions. Decisions are made based on what an area has to offer: a rich talent pool, financial capital, transportation networks, a variety of suppliers, and access to academic and industry research. One small geographic entity cannot offer all of these things. Partnerships, collaboration and broader geographic definitions are needed for Wisconsin communities to compete.
- ***Finding economies of scale, pooling of resources, and working together for common goals will determine our future.*** It is about clout, resource density, maximizing scarce resources, and joining forces to speak with one voice and achieve common goals that benefit all.

## **II. CURRENT REGIONAL STRUCTURES**

---

Wisconsin is a geographically dispersed state and as a result also has a history rich in local determination. This is manifested by the number of local government entities, which at last count included 72 counties, 426 school districts, and 1859 cities, towns, and villages.

Some regionalism has developed as various state agencies and institutions identified the regions that they work with for the delivery of services. In some cases this has been based only on carving up the state to make assignments for state staff who liaison with those areas. In other cases there has been more thoughtful approach based on population density, commuting patterns, or like economies. But more often than not, these arbitrarily designated regions have been formed for the convenience of planning and allocating state resources and not because those regions have identified themselves as having common interests and a willingness to work together.

One extremely positive change that has happened in recent years is that many programmatic jurisdictions have been eliminated for the citizen “customer.” Individuals can attend any technical college campus they would like to without paying out of district tuition. Businesses and job seekers can go to any Job Center or Workforce Development Center that they choose. Where certain services are involved, there is a move to be more customer-focused. There is still room for improvement with other services that are based on governmental jurisdictions and a more regional approach to resource planning could contribute to better customer service.

As examples, here are a few of the organizational “districts” that currently exist related to economic growth.

- Regional Planning Commissions
- K-12 School Districts and CESA districts
- Technical College Districts
- Workforce Development Boards
- Department of Transportation Regions
- Department of Commerce Tech and Agriculture Zones
- Emergency Management Regions

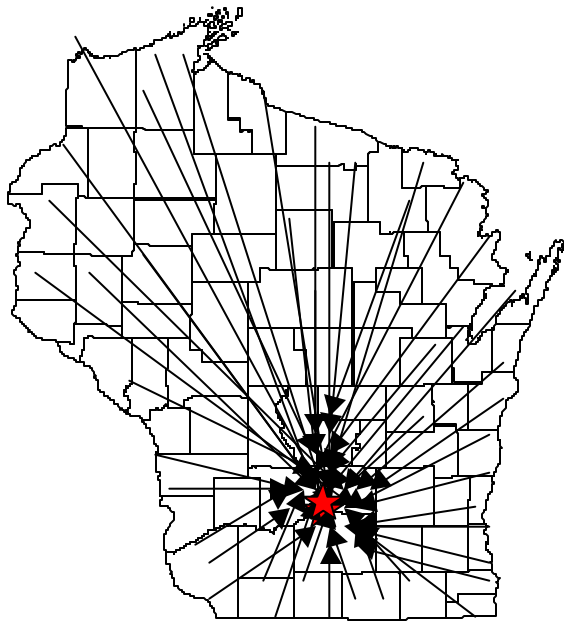
There is no need to list every state agency here but suffice it to say, many have uniquely identified districts, primarily established for the purpose of administering certain programs and services. Other than the K-12 school districts and Technical College system districts, these boundaries tend to follow county lines. This is partly in recognition of the important role of local government in Wisconsin but is also related to the fact that most data sources are available at the county level.

The result of this top down approach is that there are numerous relationship lines between each of these organizations and units of government and Madison rather than lines between these organizations and units of government within a region. There are certainly exceptions to this where regional collaboration has developed in spite of the structural barriers that are in place. But it is much harder than it should be and it prevents certain parts of the state from achieving what should be common goals.

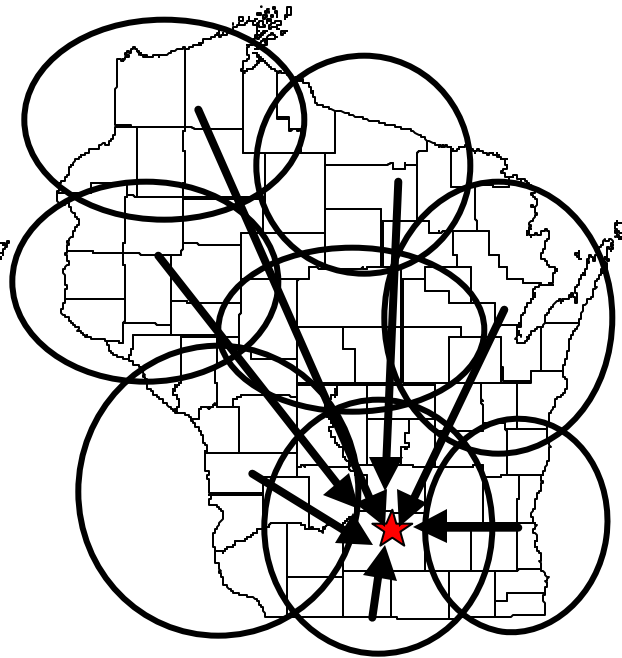
**Figure 1**

---

***State Focused Relationships***



***Regionally Focused Relationships***



*Note: The Regionally Focused diagram is not meant to recommend any particular set of groupings but just to illustrate a regional model and the relationship to the state.*

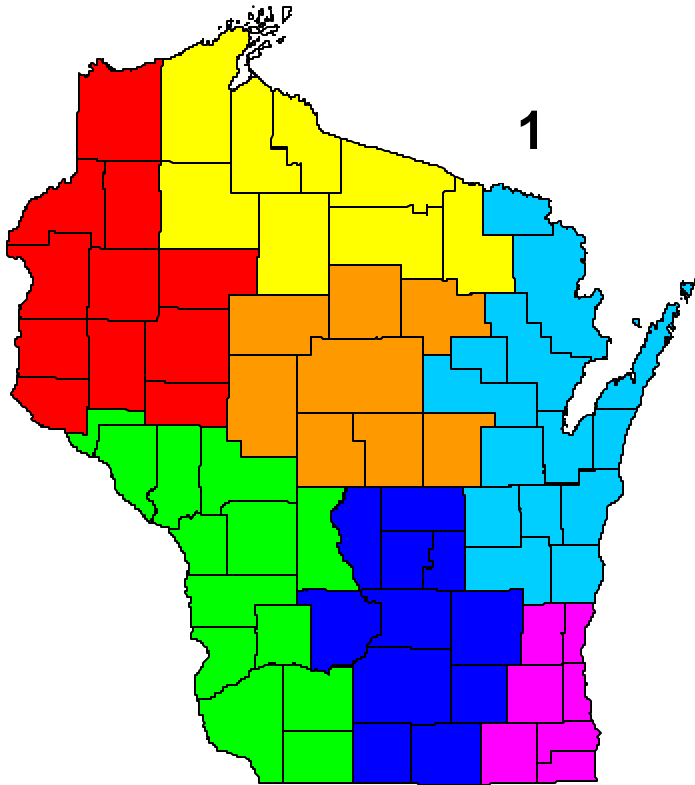
### **III. REGIONAL MODELS**

---

There are a few areas of the state that have already started thinking of themselves as regions and acting accordingly. A few examples are highlighted here that have formed in different parts of state and with different missions. For example, Momentum started as a result of the Uniroyal tire plant closing in 1991 that affected over 1100 workers; the 7 Rivers project began in recognition of a regional growth opportunity in technology; and Northern EDGE recognized the economic challenges of the more rural northern counties of the state. This is not an exhaustive list of regional efforts in the state but identifies a few efforts that have formed to address varied regional issues. They all have unique operating structures that have developed based on what meets the needs in that region.

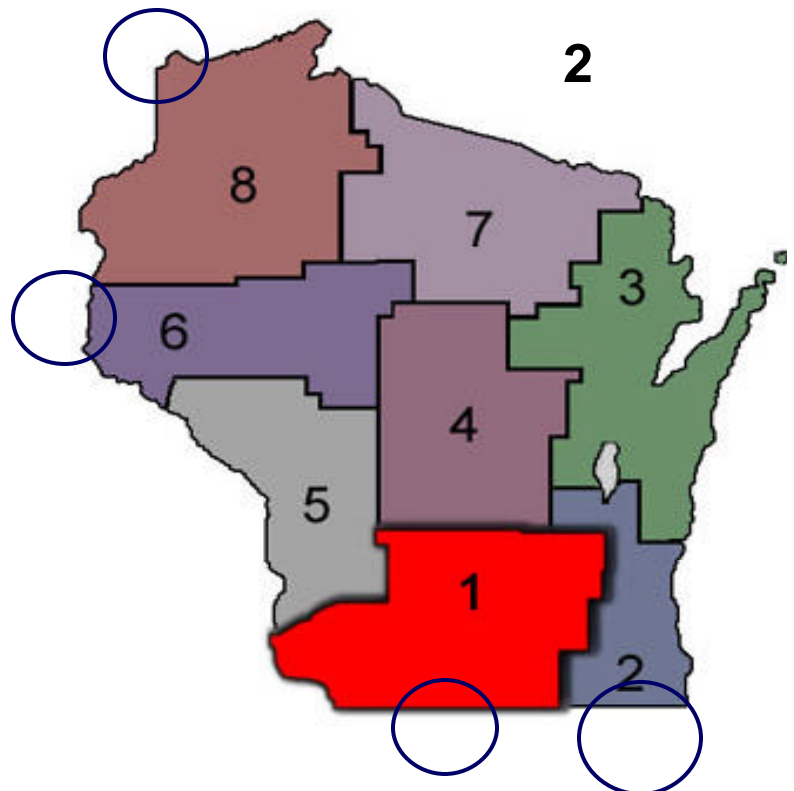
1. **Momentum Chippewa Valley** - Momentum serves Chippewa, Dunn, and Eau Claire counties. The Executive Committee establishes annual goals and activities. They focus their efforts in five areas: Economic Development, International Trade Development, Legislative Affairs and Relations, Workforce and Educational Development, and Tourism. <http://www.chippewavalley.org/index.htm>
2. **7 Rivers Region** – This technology business alliance in the western part of the state around LaCrosse is focused on the attraction and retention of technology business and the small business incubator. <http://www.7riversregion.com/home/welcome/welcome.asp>
3. **Northern EDGE** – This demonstration project seeks to address the problem of low wages in northern WI isconsin by building foundations for local job growth and business development in twenty-nine targeted counties. They focus on building capacity, creating economic and workforce resources, and stimulating business and industry activity in order to grow higher paying jobs. <http://www.uwex.edu/ces/cced/EDGE.htm>
4. **NEW ERA** – This is the Northeast Wisconsin Educational Resource Alliance that includes the UW campuses in Green Bay, Oshkosh, Fond du Lac, Fox Valley, Manitowoc, Marinette, Sheboygan, the UW-Extension; the technical colleges of Fox Valley, Lakeshore, Moraine Park, Northeast; and the College of Menominee Nation. The mission is to find new ways to collaborate to better serve the educational needs of Northeast Wisconsin. <http://www.neweraonline.org/neweraservices.html>
5. **Central Wisconsin Area Economic Development Council** – The CWAEDC coordinates development efforts that promote the Central WI Area (Marathon, Portage, and Wood counties) as an economic community. The objectives of the Council are: to combine the resources of the individual communities in a strong, visible and unified marketing program to attract new industry and workers to the area; and to coordinate area wide efforts to assist, retain and expand existing businesses. <http://uwsp.edu/special/cwaedc/>
6. **Regional Economic Partnership** - The partnership helps businesses take advantage of all that Southeast WI has to offer. Members include the economic development departments of seven counties (Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, Waukesha), We Energies, City of Milwaukee, the Southeastern WI RPC and the Metropolitan Milwaukee Association of Commerce. <http://www.wisrep.org>

**In addition to the previous examples**, there are several geographic configurations to consider. The first one is a suggestion that identifies a new regional approach while the other represent some configurations that are currently in place. We offer these as possible geographic models to consider.



- ◀ This 7-region configuration was identified in 2002 at Economic Summit III by Terry Ludeman, Economist with the Department of Workforce Development.
- ◀ These regions are based on like economies, commuting patterns, and geographic similarities.
- ◀ <http://www.wisconsin.edu/s/ummit/archive/2002/papers/fiscal.ppt> Go to slide #6

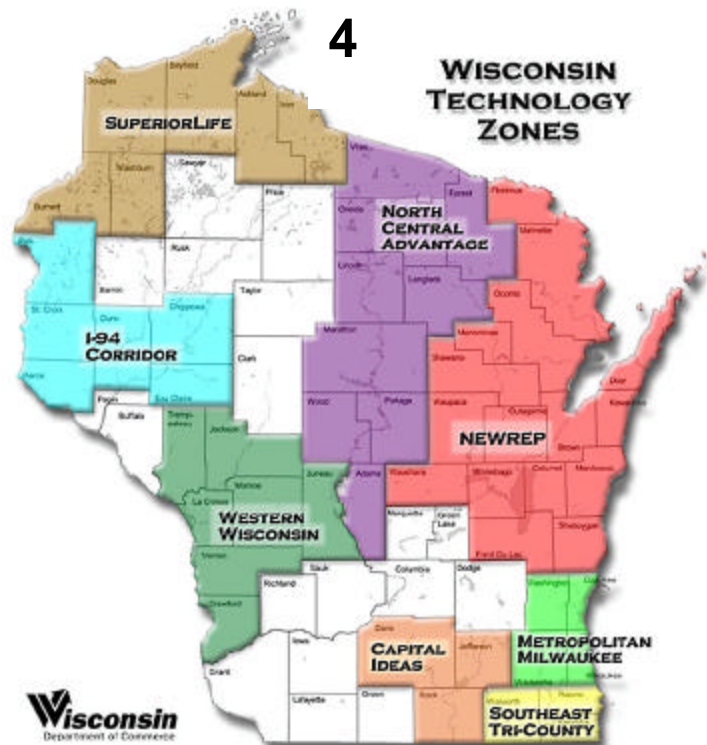
- The Department of Transportation suggests this 8-region scenario based upon the agency's transportation districts.
- This configuration represents economic modeling efforts that have revealed significant integrated labor markets, production linkages and commuting relationships with our neighboring states.
- <http://www.dot.wisconsin.gov/localgov/docs/landuse-goals.pdf>



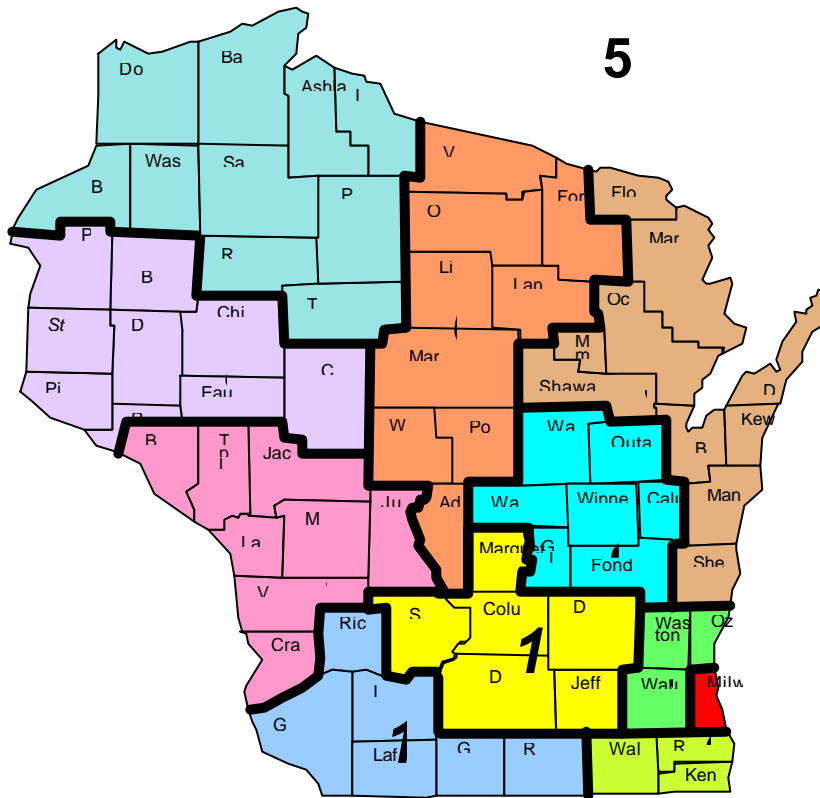


- ◀ The 16 Wisconsin Technical College Districts were established in the early 1970's based on a collection of school districts and counties.
- ◀ These districts have the distinction of being local taxing districts along with cities and counties.

- The 8 Technology Zones were established in 2002 by the Department of Commerce. Local entities came together to submit regional applications to be a designated Tech Zone.
- There are 18 counties that are not part of a Technology Zone and so are designated as Agriculture Zones to access tax credits for Agriculture related businesses.



## Wisconsin's Workforce Development Areas



- ◀ The creation of Workforce Development Areas is mandated by the federal Workforce Investment Act.
- ◀ They are formed by partnerships of counties, must have at least 500,000 in population. The boards must have a business majority and a business chair.

## National Models

A number of other states and regions have initiated a regional approach to economic growth. For some it is a way to develop policies and strategies to meet the unique needs of regions such as California and Florida. In Massachusetts they also view regions as a way to benchmark progress for the region rather than for the state as a whole. This approach ensures that the health of each region is taken into account in resource allocation. A national organization, the unique Alliance for Regional Stewardship was formed to share successes across the country and support regional strategies.

1. **California Economic Strategy Panel** - One of the key activities of the Panel was to identify economic regions of the state so that policies and strategic initiatives can be developed that focus on each region's strengths and opportunities.

- California Economic Regions - The California Technology, Trade and Commerce Agency conducted research for the *California Economic Strategy Panel*. See Section VII of this paper for more detail on the factors used to determine California's regions.

[http://commerce.ca.gov/ttca/pdfs/detail/ersi/ESP\\_Regions\\_brochure\\_and\\_map.pdf](http://commerce.ca.gov/ttca/pdfs/detail/ersi/ESP_Regions_brochure_and_map.pdf)

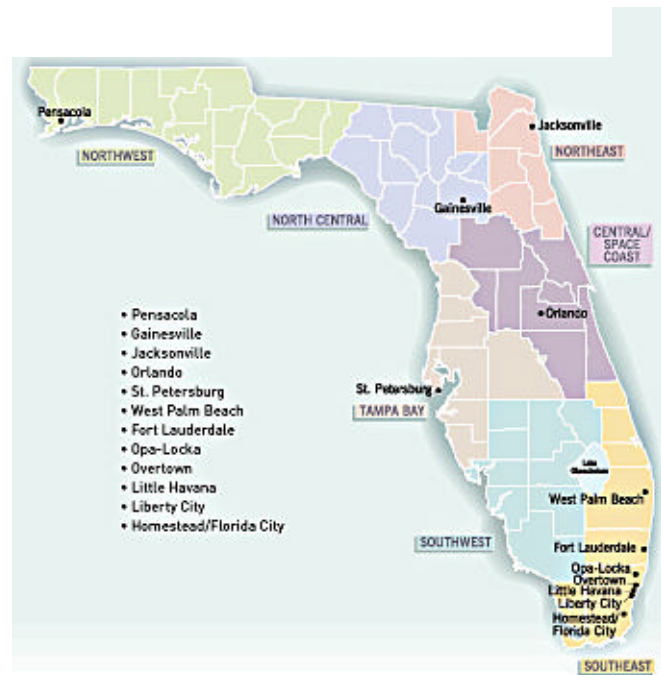
- California Center for Regional Leadership - The CCRL is a statewide nonprofit organization established to support, facilitate, and promote innovative regional solutions for our major economic, environmental, and societal challenges, to help achieve a more sustainable California.  
<http://www.calregions.org/home.php>

**Figure 2**

**California's Regions**



**Florida's Urban Zones**



2. **Florida's Urban Zones** – Seven urban zones have been created in Florida. These zones cover the entire state and are grouped around major urban areas to recognize the growth in larger areas and the access that businesses need to capital, workforce, and transportation networks. In addition, the more rural counties are highlighted within these urban zones and a different set of economic development incentives is available in those counties.  
<http://www.businessflorida.com/regions.asp>

3. **Massachusetts Benchmarks** - Massachusetts has a set of distinct regional economies, each with its own multifaceted profile. Examining various characteristics of the seven Benchmarks regions helps to understand where each region stands, as well as the challenges that lie ahead. Such an understanding is necessary for business leaders, educators, and policymakers to frame the state's economic future. <http://www.massbenchmarks.org/regions/regions.htm>

**Figure 3**

**Massachusetts Benchmark Regions**



4. **Alliance for Regional Stewardship** - The Alliance is a national, peer-to-peer network of regional stewards who benefit by sharing experiences and working collaboratively on innovative approaches to common regional challenges. The Alliance is for proven leaders who recognize the interdependencies of their regions' economy, environment, and society—and are seeking practical ways to effect change as regional stewards. The first forum event of the Alliance was held in Kohler, WI in May 2000 but no one from Wisconsin attended. Quarterly National Stewardship Forums are held to support regional leadership. The next forum will be in Boston on Nov. 6-7. The theme is large-scale collaboration. [http://www.regionalstewardship.org/index\\_nopopup.html](http://www.regionalstewardship.org/index_nopopup.html)

The Alliance focuses on the importance of regional stewards as leaders who are committed to the long-term well-being of their regions. Regional Stewards recognize the interdependencies between four spheres: new economy, livable community, social inclusion, and governance. They work across boundaries of jurisdiction, sector, and discipline to connect these four spheres and create opportunities for their region.

<b>Traditional Leadership</b>	<b>Regional Stewardship</b>
One Jurisdiction – one organization	Multiple jurisdictions and organizations
Specific problem or goal	Integrated vision for the region
Single network	Diverse collaborative networks
Commitment to an idea/cause	Commitment to place

Excerpt from: *Regional Stewardship: A Commitment to Place*, October 2000

## ***IV. BENEFITS TO REGIONAL APPROACH***

---

There are a variety of potential benefits of a regional economic development approach. While some of those mentioned below are process oriented and a few are action oriented, the common themes and objectives are to both ***increase competitiveness and maximize resources***.

- **Allows more effective competition and cooperation, and creates better markets**
  - Foster relationships with Chicago and Twin Cities as partner/assets vs. competitors
  - Help eliminate negative aspects of within-region competition
  - Increase business markets
  - Maximize marketing opportunities
  - Collaborate on brand and regional marketing
- **Brings people together and gets them thinking creatively and cooperatively**
  - Raises the economic vision
  - Allows people to step outside the box
  - Jointly articulate regional needs
  - Helps bring people together and trust building enables other projects
  - Creates opportunities for sharing of expertise and experience
  - Encourages peer networking among businesses to build relationships on similar issues
- **Creates economies of scale**
  - Maximizes use of scarce resources
  - Increases efficiency and elimination of duplication and specialization
  - Creates political leverage to access more state and federal resources
  - Can also leverage recruitment of more federal funds
- **Allows for effective specialization and recognizes industry clusters**
  - Addresses specific industry cluster needs
  - Creates targeted engines of growth
  - Specialization of public sector such as university, tech college, workforce boards
- **Reality based and future oriented**
  - Future public education linked to understanding regional needs
  - Reflects how economies are actually organized and how businesses operate
  - Contributes to increased per capita income levels for the region and the state, which will contribute to more available resources for all

## **V. BARRIERS TO REGIONAL APPROACH**

---

This identification of barriers highlights the issues that need to be overcome to gain buy-in and spur action. Directly addressing these barriers can lead to developing a concrete implementation plan.

- **Fear loss of control and/or resources**
  - Distribution of taxes and benefits
  - Parochial interest in one's own dollars
  - Ownership in existing structures
  - Geographic rivalries
  - Lack of, or no, regional incentive (e.g. dollars given to specific area)
  - Existing jurisdiction has a logic – reasoning behind it – so there must be a willingness to put economic growth ahead of other individual issues
  - Concerns about who will pay
  
- **No clear vision has yet been presented**
  - No articulated vision
  - Lack of understood advantages and incentives
  - No champion for change - who carries the message will be important
  - Ambivalence about the importance of economic development
  - Lack of marketing on the need for economic development in general
  - Lack of clear shared vision and the potential consequences and benefits
  
- **No structures in place on which to build**
  - Lack of comprehensive formal structure to build on
  - Weak networking / media base
  - Attitudes about which region they belong can dominate the discussion
  - Intra-regional networks are not well-established
  - Concern about whether intra-region communities can collaborate for all to benefit
    - Relationship between regions and the urban center – will the larger metropolitan areas overshadow smaller areas
    - Projects of scale across jurisdictions
  
- **Requires strong political will to implement**
  - Need willingness for public officials to take necessary steps
  - Capacity to implement
  - Spending political capital is hard to do
  - Political system is based on silo, parochial actions
  - Fear of disagreement
  - A culture of risk aversion makes change difficult

## **VI. OVERCOMING BARRIERS**

---

To successfully move to a regional approach for economic development, it must be structured so ***there is more to gain than to potentially lose***.

The fear of perceived loss of control and autonomy at the local level can be offset by a belief that joining a regional collaboration will bring increases in clout, access to resources, and the ability to determine the direction for the region. One question that could be asked is whether the state could decentralize some level of decision-making to the regional level in exchange for cities and counties operating collaboratively as a region.

Some of the strategies that can be employed to overcome barriers, gain buy-in and develop an approach that will benefit the regions and the state include:

### **a) Taxation and revenue sharing**

- Develop revenue sharing opportunities among cities, towns, counties
- Changes can occur to enable the sharing of growth in income and sales tax on a regional basis
- Changes in property tax collection and distribution can occur to recognize the new regional structures

### **b) Recognize and address political realities**

- Enhance the political will to implement by developing regional bi-partisan political alliances among business, labor, and education around specific regional goals
- Provide incentives to encourage alliances and empowered regional leadership

### **c) Develop pilots and models to demonstrate benefits**

- Fund pilots with state discretionary funds for model development which could include measures such as productivity, efficiency, and performance
- Identify state resources to provide incentives for regional cooperation
- Build in expectation and incentives such as requiring the creation of a regional economic plan to be eligible for certain state funding
- Develop regions with “porous” flexible borders based on issues and initiatives
- Ensure that specific data is provided to stakeholders to help in decision making

## **VII. COLLABORATIVE & COOPERATIVE GOVERNANCE**

---

There is wide consensus that a regional governance model must be flexible while promoting collaboration and cooperation. The specific details of **HOW** must still be determined. This section seeks to identify a few models for further discussion. These models are taken from the models highlighted in Section 3 and from recommendations presented by speakers.

One thought to keep in mind is that there may not be a one-size fits all model for all regions of the state. What may be needed instead is a design that establishes some parameters while allowing regions to determine what works best for them.

### **a) Incorporated organization with state recognition and funding**

This new organizational model might be developed based on a new fund source being available or a consolidation of other entities. A new fund source might be new state funding allocated to create regional entities (Illinois 5 Year Plan model ) [http://www.commerce.state.il.us/bus/research/strategic\\_planning/5yearplan.html](http://www.commerce.state.il.us/bus/research/strategic_planning/5yearplan.html) or receipt of a new grant dedicated to regional efforts. Consolidation might be a result of smaller communities/counties deciding to create a joint entity for a larger geographic region instead of maintaining independent, often inadequately funded organizations. A new organization could have required members based on the funding source.

### **b) Incorporated entity comprised of separate organizations as members**

This model involves incorporation for the purposes of acting collectively. There may or may not be any dedicated staff that work exclusively for the corporation, but instead use staff resources from the individual member organizations. Member organizations may be required to contribute some annual membership fee to create a joint budget for ongoing activities, such as regular meetings, website costs, etc. However, to simplify record keeping and to avoid any resistance to contributing cash, members might also just contribute resources, monetary or in-kind, on a project-by-project basis.

This model might allow for grant submission, a collaborative marketing effort, co-planning for events or a demonstration of unity for the purposes of communicating the area's needs. This model might consist of entities coming together for one purpose, such as the Technology Zone project, but then develop into more collaborative efforts as relationships develop and mutual benefits are realized. *Momentum Chippewa* is an example of this structure, where members contribute a certain amount each year in addition to providing staffing and in-kind resources on a project-by-project basis. A contribution to the collaborative effort is a requirement of membership.

### **c) Formal collaboration model**

This model would involve each district forming a "Regional Economic Development Council" which would be designed to bring together the leaders in a region to act collectively in an official capacity. They may or may not incorporate but would have responsibility for conducting formal economic growth strategic planning for the region. They would also be responsible for implementing the plan in a coordinated manner using available financial and human resources. Membership in this model would include but

not be limited to: UW Chancellors, Technical College presidents, state and local government representatives, business leaders, labor leaders, regional planning commissions, non-profit community leaders, and other key players in the regional economy.

#### d) Consortia Alliance of Entities

This model would reflect the variety of different organizations that would join together in an alliance without creating a new entity or any entity ceasing to exist. One of the well-established models is in California as mentioned earlier. The following description is provided as a concrete example of one state's regionalism organization.

- **California Regional Network Governance** - The network is a voluntary self-governing group of civic leaders from California's Regional Collaboratives. Activities may be entered into by the entire network or by subgroups—clusters of Regional Collaboratives with identified common interests. The Regional Collaboratives (RCs) act as conveners and coordinators of community initiatives and civic governance within their regions. The network is supported and facilitated by the California Center for Regional Leadership.

The RCs work at a regional level, recognizing that the long-term challenges facing California's communities do not always conform to arbitrary political jurisdictions and bureaucracies. The organizations:

- Share best practices
- Develop resources and funding to support individual RCs and network activities
- Communicate the work to the public, media, and the philanthropic community
- Through the California Policy Reform Network, develop coalition-based policy remedies and joint action strategies

#### **Regional Collaborative Network Values**

- **Stewardship:** Commitment to practice regional stewardship—working to achieve the greatest, long-term benefit for the regions and for the state of California
- **Innovation:** Commitment to share new ideas, strategies, policies, and programs, so that together, we can continue to learn and improve our effectiveness
- **Collaboration:** Commitment to serve as facilitators and *honest brokers* in the public debate—incorporating all stakeholders and considering all factors—with special regard for the integrity of the collaborative process
- **Strong Economy:** Commitment to build robust regional economies for California, through knowledge, innovation, strategic engagement and accountability
- **Environmental Stewardship:** Commitment to advance policies and practices that promote sustainable communities, and preserve California's quality of life
- **Equity Through Opportunity:** Commitment to inclusion and empowerment, serving the interests of all people and cultures
- **Diverse Engagement:** Commitment to collaboration and engagement across the full spectrum of interests, institutions, and communities; and in partnerships among the civic, public and private sectors
- **Regional Scale and Scope:** Commitment to *right-sized* solutions—collaborating on a region-based, multijurisdictional or inter-agency level—appropriate to effective problem solving

## **VIII. FACTORS TO CONSIDER IN DETERMINING ECONOMIC REGIONS**

---

Research into other states' regional efforts indicates that numerous factors such as economic, demographic and geographic characteristics of each county in the state can be used to establish regions. In California's effort they discovered that defining economic regions is not a clear-cut process. Frequently, economic activity is determined more by site-location factors than by political or jurisdictional boundaries. However, most economic data are not collected at a more local level than the county.

This situation necessitates defining economic regions as aggregations of counties, even when county boundaries do not precisely define an economic area. An ideal situation would be to use sub-county data, but such data tends to be scarce, dated and unreliable. In general, the degree of similarity in characteristics among adjacent counties was the basis for establishing regional boundaries.

In general, a well-defined economic region will be fairly uniform within its boundaries, contain economic activities that are interrelated, and have logical jurisdictional boundaries for working with local economic development organizations. The following are the factors that California researchers used to define their nine economic regions.

- a) **Metropolitan Areas.** The U.S. Office of Management and Budget defines Metropolitan Areas (MAs) using population and commute pattern criteria and county boundaries. MAs combine a core area containing a large population nucleus, with adjacent communities having a high degree of economic and social integration with that core. The term "metropolitan area" includes Metropolitan Statistical Areas (MSAs), Primary MSAs (PMSAs), and Consolidated MSAs (CMSAs). CMSAs identify existing federally designated regions, and can be used to help determine economic regions.
- b) **Population Centers.** Population centers, and their contiguous areas of growth, are a basic factor distinguishing areas of the state. A population density map was used to identify population centers around major metropolitan areas and along transportation corridors.
- c) **Commute Patterns.** Commute pattern data from the Census Transportation Planning Package show the movement of workers from their residence to their workplace. The data can be used to identify the flow of labor between counties. A strong flow of commuters from one county into another is an indication of the economic interdependence of the two areas.
- d) **Land Ownership.** Land ownership can significantly affect the economic development potential of an area. Counties with a high percentage of publicly owned land tend to have fewer development opportunities than counties that are predominantly privately owned. Public land ownership in each county was examined to identify similarities among counties.
- e) **Industrial Composition.** The industrial composition of a county is primarily based upon industry employment patterns. The county factors used in determining economic regions were jobs by industry and share of total employment by industry.

- f) **Location Quotients** (LQs) were also calculated for major industries in each county. LQs are ratios computed by dividing a county's percentage of employment in a particular industry by the state's percentage for the same industry. The economic base of a county was defined by those industries in which the county has a higher proportion of employment than the state as a whole. Adjacent counties with similar economic bases are strong candidates for placement in the same economic region.
- g) **Labor Force Conditions.** County labor force employment and unemployment data provide a measure of labor availability throughout the state. Adjacent counties with similar labor force characteristics, such as unemployment rates, often have similar economic planning needs.
- h) **Geographic Boundaries.** Geographic features, such as bodies of water, can facilitate or hinder the movement of people and commerce between areas and should be considered.

Ideally, all of the above factors should be considered to ensure a data-based decision process in determining regions. At a minimum the following factors should be used to make initial decisions about regions in Wisconsin.

- Keep multi-county metropolitan statistical areas together
- Do not split counties
- Recognize and maintain natural business spheres (markets) – especially business patterns, industry clusters, commuting patterns
- Regard current jurisdictional administrative boundaries only where necessary (technical college systems, University of Wisconsin college influence areas, consolidated school districts, regional planning commissions).

Whatever criteria is used to establish regional economic development districts, existing alliances and preferred local relationships require that the borders be flexible and porous. Honoring those historical alliances will be very important to making this a successful transition.

## **IX. CONCLUSION**

---

This paper has covered a wide range of benefits and barriers, highlighted a few examples and suggested potential governance models. But most importantly the workgroup members hope that it has been compelling enough that serious consideration will be given to regionalism for Wisconsin.

This workgroup did not agree on all of the details and there is a range of opinions on whether regionalism is the answer for Wisconsin. But there was strong consensus that this is one approach that should be strongly considered. The things we know about our state and the concept behind a regional approach should be the discussion that leads us to action if we are to ensure Wisconsin's economic future.

In closing, the following issues must be addressed to if we are to develop a successful regional model for Wisconsin.

---

### **➤ The perceived gain must outweigh the perceived loss in order to achieve buy-in and overcome a natural aversion to change.**

A feel-good incentive to just come together to share ideas may not be enough to balance a perceived potential loss of control and autonomy. Financial incentives could benefit all areas within the region. Some examples to consider include:

- *Tax-base sharing to equalize the distribution of fiscal resources.* Minnesota and other states have implemented such strategies to support regional approaches. In particular, commercial-industrial tax base sharing could reduce the competition for development that weakens a community's tax base and fiscal condition in the long run.
- *Design grant incentives to come together as a region.* The Commerce Tech Zone program is a recent example of this approach. Other discretionary funds could build regional criteria into their guidelines. State agency grant collaboration could also help foster intra-region collaboration on issues such as workforce development, industry cluster networks, and transportation needs.
- *Explore the development of disincentives over time for not collaborating regionally.* While this may seem somewhat punitive, the potential loss of resources might, at times and for some areas, be a more motivating factor than the potential gain of new grant money.

➤ **A regional approach should provide basic parameters to define the region and identify a long-range plan but be flexible enough to allow a variety of initiatives within the region.**

The basic regional parameters can be determined by a careful study of the factors listed in Section VIII. But within those regions, there must be flexibility and the notion of “porous” boundaries when it comes to specific issues and projects.

Again, the California model offers an approach that identifies “regional collaboratives” for the nine regions of the state, but allows any number of “regional initiatives” within the region that may or may not involve the entire region.

Using the Massachusetts “benchmark” approach, a variety of initiatives could be developed but the long-range goal is for the resulting benefits to be reflected in increased gains for the region as a whole.

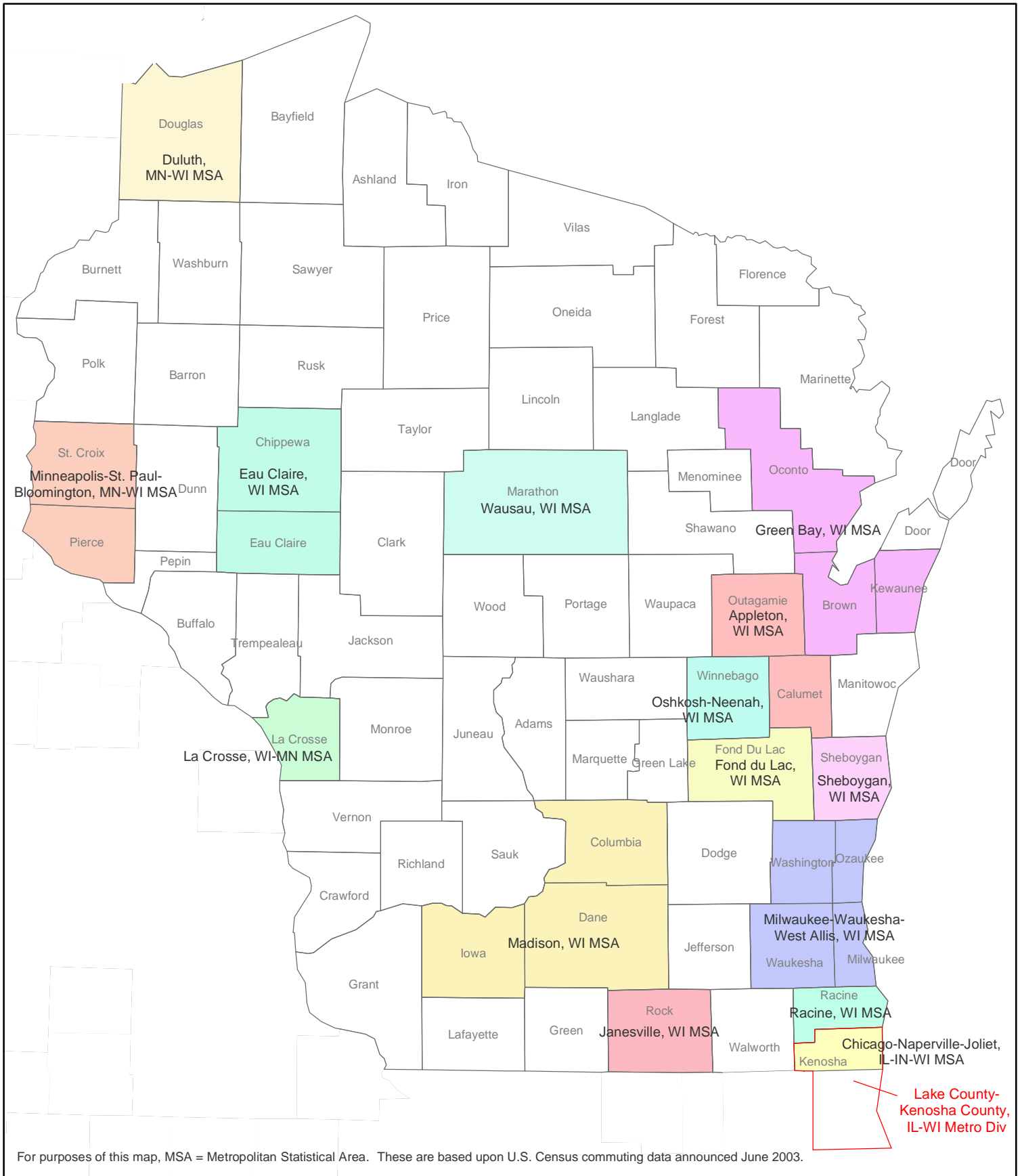
➤ **Some level of institutional support is needed to help organizations, and people, learn to operate in a new way.**

This could be provided by existing organizations that are already focused on community development such as the UW-Extension’s Center for Community Development or the Department of Commerce’s Division of Community Development, or it could be provided by a private non-profit organization similar to the California Center on Regional Leadership.

Given the current state of Wisconsin’s budget, a no-cost or low-cost approach is most realistic for the short term though grant or foundation funding could certainly be sought for this effort.

Regional groups should be encouraged to seek out other learning opportunities, such as joining the national Alliance of Regional Stewardship. Looking to outside resources for help in new ways to operate will help break down barriers and transform the old ways rooted in competition and turfism over collaboration and cooperation.

Please draw your suggestion for regions that would help Wisconsin's future economic growth.



MSAs are indicated by colored areas.

Divisions of MSAs are outlined in red and may extend into neighboring states.



***DOES A REGIONAL APPROACH MAKE SENSE TO YOU?***

---

1) There is a common perception that local communities would have to give up something in the short-term in exchange for potential benefit at some point in the future. What would be some of the “return on investment” benefits that could help overcome the short-term resistance to change?

---

---

---

2) Do you think Wisconsin should pursue a regional approach? Yes \_\_\_\_ No \_\_\_\_

3) If no, what are your concerns?

---

---

4) If yes, indicate your support for these possible strategies.

- Build regional expectations into state grants related to economic growth
- Establish formal process to designate regions
- Establish “regional council” structure and expectation of plan for the region
- State to determine minimum membership expectation for consistency
- Designate regions but allow flexibility on each initiative
- Other \_\_\_\_\_
- Other \_\_\_\_\_
- Other \_\_\_\_\_

5) What organizations do you think should be part of a regional approach to economic development?

---

---

---

*Thank you for sharing your thoughts.*

*You may turn this in at the Summit registration desk or Fax it to 608-441-8188*