Economic Impact of Wisconsin's Transportation Economic Assistance Program

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The Transportation Economic Assistance (TEA) program was created in Wisconsin to help communities and businesses pay for road, rail, harbor, or airport improvements needed for economic development. The objectives of the program were to attract employers and to create more jobs in Wisconsin. Using an appropriation of $9 million, the state has funded up to 50 percent of the cost of 18 transportation improvements. These projects were expected to create over 2,800 jobs directly and an estimated 2,800 jobs indirectly. The annual increase in wages paid because of those jobs over the next 10 years amounts to $106 million. The present value of the state sales and income taxes paid over 10 years totals $58 million. TEA applications are evaluated against a dozen criteria to determine the project eligibility. These criteria include transportation costs and benefits, number of jobs, value of increased wages, ratio of cost to the number of jobs, local funding, compatibility with other transportation in the area, tax benefits to the state, and financial soundness of the business. The economic impacts of TEA improvements involve both reductions in transportation cost because of the transportation improvement and changes in the state's economy caused by the economic development project. Transportation costs and benefits are measured, in this case, by the Highway Investment Analysis Package. If the benefits, such as reduced travel time, traffic accidents, and operating cost, exceed the improvement and maintenance costs, the project is considered a good investment from a transportation standpoint. The other economic development benefits are calculated using a model of the Wisconsin economy. This model, developed by Regional Economic Development Models, Inc., measures changes due to economic development projects. It measures net increases in employment, employee wages, sales taxes, and income taxes. If a project meets the eligibility criteria, it is ranked competitively with other projects and funded according to its rank.

The economic health of a region or state is dependent on the condition of the transportation system. Advocates of local and regional development commonly request funding for a transportation improvement because they feel it will create economic development. However, a transportation improvement will not necessarily create economic development. The transportation improvement may be needed for the development to occur, but it will not by itself create the development. Good transportation is necessary but not sufficient. Other factors, like a skilled labor force, utilities, raw materials, and financing, must also be present. In addition, not enough transportation money is available at any governmental level to allow expenditures based largely on speculation.

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This situation motivated the establishment of Wisconsin's Transportation Economic Assistance (TEA) Program. Instead of responding to speculation, the program is designed to provide funds for transportation improvements tied to definite economic development projects—projects that need a transportation improvement in order to occur.

An important part of implementing the TEA program was the use of economic analysis techniques. These techniques have helped determine which projects were justified for improvement.

TEA ADMINISTRATION

TEA represents fast money from the state. The evaluation of an application normally takes only 6 to 8 weeks. Communities or businesses may use TEA money to help pay for road, rail, harbor, or airport work that they need to help attract an employer to Wisconsin. If a transportation improvement is needed for a business to locate or expand in the state, TEA funds can be made available. The overall objective of the TEA program is to create more jobs in the state of Wisconsin.

The administration of a proposed TEA project involves many actors: the local unit of government, the business, a local development agency, state agencies (departments of transportation, development, and natural resources), the governor's office, an engineering consultant, and federal agencies like the Environmental Protection Agency and the Economic Development Administration (EDA). Within the Wisconsin Department of Transportation (WisDOT), the evaluation includes design, planning, real estate, environmental assessment, and construction staff. Coordination of all these actors requires special attention.

Figure 1 is a detailed flow chart of the TEA project development process. A local unit of government or business must first make an application to WisDOT. WisDOT will screen the application, particularly reviewing the cost of the improvement and the number of jobs that will be created. If the application passes the initial screening, the applicant is asked for additional information.

EVALUATION

On the basis of the additional information, WisDOT evaluates such issues as the job effects, wages paid to the employees, income and sales taxes generated, and capital improvements

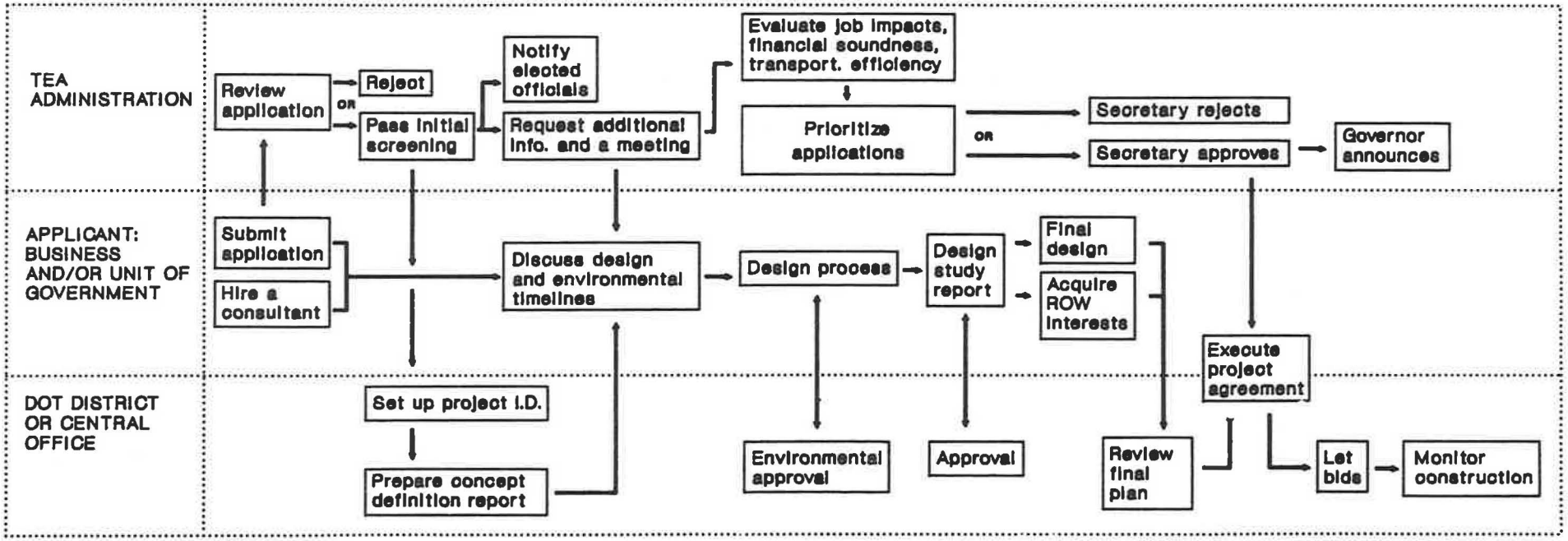

FIGURE 1 TEA project development process.

committed. The financial soundness of the business is evaluated, and the efficiency of the transportation improvement is calculated. Also, state officials make a number of visits to the local agencies, the businesses, and the site. The following criteria are used in the evaluation of proposed TEA projects to determine eligibility:

1. Whether the transportation costs of the improvement are balanced by the transportation benefits,
2. The cost of the improvement,
3. Ratio of the cost of the improvement to the number of jobs,
4. The number of jobs that are increased or retained in the state,
5. The amount of funds provided by the local government,
6. Whether the improvement is compatible and complementary to other transportation in the area,
7. Whether the improvement serves a local purpose,
8. Whether the improvement will be in an area of high unemployment or low-average income,
9. Whether the project will contribute to the economic growth of the state and the well-being of the residents,
10. Whether the business that would be helped is financially sound, and
11. Whether the transportation improvement would have a significant negative impact on other businesses.

The highest dollars/job ratio for an approved TEA project has been slightly below $5,000/job. This experience has led to the establishment of a rule that no projects with a ratio greater than $5,000/job are approved. A cap of $1 million in TEA funds per project was also set. These rules are designed to promote significant overall employment gains from the limited funds available for the program. The rules are consistent with those of other Wisconsin programs that provide public funds for the training of employees in private businesses.

TEA program funding is generally appropriate when the business development does not involve the transfer of jobs from one part of the state to another and when the business development is not retail in nature. Retail businesses are not eligible for funding in this program, because they are likely to involve the transfer of employees from one area or region of the state to another.

Other types of businesses that are excluded include wholesale outlets, hotels and motels, eating and drinking establishments, and entertainment and recreation facilities. Private roads or buildings are not eligible.

RANKING PROCESS

Applications are evaluated three times during the year: June 1, September 1, and December 1. All applications and accompanying additional information that are received by a given application date are ranked competitively and funded according to their rank until the TEA funds allocated for that period have been exhausted. After it has been determined that a proposal meets all the eligibility criteria, the funding priority of a project is determined by the following criteria: improvement cost per job created, transportation efficiency improvements resulting from the project, the county unemployment rate at the location of the project, and geographic diversity. The greatest weight is given to the ratio of the transportation improvement cost to the direct jobs created.

If the project meets the evaluation criteria and ranks high enough to be funded, the Secretary of WisDOT approves the project and the Governor announces it. Finally, local, state, and private workers implement the project. Figure 1 shows in more detail all the project development steps, such as design work, right-of-way purchasing, and environmental evaluations, which go on at the same time as the economic evaluations. All of this leads to implementation.

TEA SUCCESS

The TEA program was appropriated $9 million in state funds during its first 2 years (FYs 1988 and 1989). Using this money, WisDOT funded up to 50 percent of the costs of 18 transportation improvements. The remainder of the expense was paid for with a combination of local government and private funds or in-kind services. The 18 projects are listed in Table 1, which presents the location of the project, type of project, kind of business, cost of the project, and number of jobs created.

These projects involved the commitment of $7 million in state funds. Assisted by the TEA program, they will create over 2,800 direct jobs and an estimated 2,800 indirect jobs. "Direct jobs" are those jobs created at the new business development, and "indirect jobs" are created in the sectors of the economy that sell to the new business and its employees. TEA contributed an average of $2,500 for every direct job created through the program.

As presented in Table 2, the annual increase in wages paid for those jobs over a 10-year analysis period amounts to $106 million. The present value of the state sales and income taxes paid over the same analysis period totaled $58 million.

The businesses created with the help of the TEA program accounted for $85 million of capital investments in the state. In general, TEA projects have had a capital investment of $5 million per project.

When the TEA concept was being debated by the legislature 2 years ago, one concern was that the projects would all be in the more populated southern part of the state, which includes Madison and Milwaukee. Figure 2, which maps the project locations, shows that this has not been the case. Only five projects have been approved in the Madison and Milwaukee metropolitan areas and surrounding regions. Many of the projects are in the northern part of the state.

In addition to wide geographic distribution, the project locations exhibit a wide distribution in population size (Table 3). The populations range from 4,000 in Florence County to 350,000 in Dane County. Seven of the projects up north are in counties that average less than 35,000 in population.

The typical TEA project is an access road to a new industrial park in a small- to medium-sized community. The larger metropolitan areas have less demand for TEA funding, because their transportation systems are already well developed. Also, many projects that are needed in or around the larger areas are too expensive for the TEA program.

TABLE 1 APPROVED TEA PROJECTS, JULY 1989

Project Name	Project Location	Project Description	Business Description	TEA Grant Amount	Direct Jobs Created	Indirect Jobs Created
Lacrosse/ Gateway Industrial Park	City of 48,347 pop. in southwestern Wisconsin	Construct a route connecting industrial park to CTH B.	Gateway Foods: wholesale grocery. Marigold Foods: dairy products.	$1,500,000	300 (Gateway only)	540
WISPARK/Kenosha/ Pleasant Prairie	Town of 12,071 pop. in southeastern Wisconsin	Extend CTH Q from Lakeview Corporate Park to I-94.	Utility developing an industrial park for a variety of industries.	$2,500,000	550	1003
Rice Lake/ Nichols-Homeshield	City of 7,691 pop. in northwestern Wisconsin	Upgrade 970 feet of gravel road to urban-type road.	Building products manufacturing and warehouse.	$61,500	43	36
Fort Atkinson/ Metal Container	City of 9,785 pop. in southcentral Wisconsin	Construct access road for industrial park.	Can manufacturer.	$85,000	130	144
Florence/Pride	Town of 1,800 pop. in northeastern Wisconsin	Build access roads into 80 acre site (extra load bearing).	Wood products.	$172,000	150	79
Winnebago (Oshkosh)/ EAA (Experimental Aircraft Assoc.)	City of 51,700 pop. in eastcentral Wisconsin	Improve access roads to airport and convention grounds.	Convention and museum operator.	$162,500 incentive $5,000	259	Not applicable
Outagamie (Appleton)/ Air Wisconsin	City of 62,924 pop. in eastcentral Wisconsin	Build hangar apron and strengthen 1,400' by 75' taxiway.	Airline's maintenance facility.	$375,000	300	345
Stoughton/ Stoughton Trailers	City of 8,456 pop. in southcentral Wisconsin	Extend CTH N to industrial park.	Truck trailer manufacturer.	$280,000	80	80
Arcadia/ Ashley Furniture Co. I	City of 2,235 pop. in westcentral Wisconsin	Build roads to improve circulation near plant.	Furniture manufacturer.	$265,000	125	105
Prentice/Biewer Lumber Company	Village of 605 pop. in northcentral Wisconsin	Upgrade a gravel 7600' road and construct a 400 foot access road.	Sawmill.	$267,650	130	43

TABLE 1 (*continued on next page*)

TABLE 1 (*continued*)

Project Name	Project Location	Project Description	Business Description	TEA Grant Amount	Direct Jobs Created	Indirect Jobs Created
Janesville/ Lab Safety	City of 52,202 pop. in southcentral Wisconsin	Improve an arterial adjacent to the plant and warehouse.	Manufacturer and distributor of industrial safety equipment.	$138,000	165	95
Barron/ Jerome Foods	City of 2,899 pop. in northwestern Wisconsin	Relocate STH 25 to allow plant expansion.	Food wholesaler.	$264,611	150 120 retained	61
Sturgeon Bay/ Hatco Corp.	City of 9,270 pop. in northeastern Wisconsin	Build an access road.	Designer and manufacturer of food service equipment.	$116,000	60	44
Bloomer/Bloomer Plastics, A-J Industries	City of 3,520 pop. in westcentral Wisconsin	Build a 4000' access road in an industrial park.	Plastics and building products.	$260,300	45 20 retained	55
Arcadia/ Ashley Furniture Co. II	City of 2,235 pop. in westcentral Wisconsin	Rebuild access roads near plant expansion.	Furniture manufacturer.	$125,000	33	27
Whitewater/ Trostel LTD.	City of 11,520 pop. in southeastern Wisconsin	Build an access road.	Manufacturer of precision molded rubber components.	$65,810	50	45
Ashland/Bretting Manufacturing	Village of 8,963 pop. in northcentral Wisconsin	Widen road and reconstruct intersection.	Manufacturer of napkin folding machines.	$95,800	35	68
Mellen/North Country Lumber and Superior Kilns	City of 1,034 pop. in northcentral Wisconsin	Build an access road and a rail spur in an industrial park.	Lumber mills and kilns.	$218,612	40	50
		Subtotals:		$6,957,783	2785	2820

TABLE 2 ECONOMIC IMPACT OF TEA PROJECTS

Project Name	Private Capital Investment (In Million of Dollars)	Annual Increase In Wages (In Million of Dollars)	P.V. of 10 Years Of Taxes (In Million of Dollars)
Lacrosse/ Gateway Industrial Park	$2.45	$13.57	$7.91
WISPARK/Kenosha/ Pleasant Prairie	unknown	$33.15	$19.33
Rice Lake/ Nichols-Homeshield	$1.03	$1.32	$0.67
Fort Atkinson/ Metal Container	$30.00	$5.32	$3.00
Florence/Pride	$2.25	$3.52	$1.62
Winnebago (Oshkosh)/ EAA (Experimental Aircraft Assoc.)	$0.00	$6.28 est.	$3.14 est.
Outagamie (Appleton)/ Air Wisconsin	$7.35	$13.70	$7.96
Stoughton/ Stoughton Trailers	unknown	$2.35	$1.18
Arcadia/ Ashley Furniture Co. I	$2.10	$6.97	$3.35
Prentice/Biewer Lumber Company	$17.00	$4.25	$1.97
Janesville/ Lab Safety	$4.00	$3.41	$1.53
Barron/ Jerome Foods	$5.07	$3.08	$1.47
Sturgeon Bay/ Hatco Corp.	$1.10	$1.43	$0.65
Bloomer/Bloomer Plastics, A-J Industries	$2.00	$1.73	$0.82
Arcadia/ Ashley Furniture Co. II	$3.30	$0.92	$0.45
Whitewater/ Trostel LTD.	$2.10	$1.93	$1.10
Ashland/Bretting Manufacturing	$2.90	$1.80	$1.05
Hellen/North Country Lumber and Superior Kilns	$2.05	$1.48	$0.76
TOTAL	$84.70	$106.21	$57.96

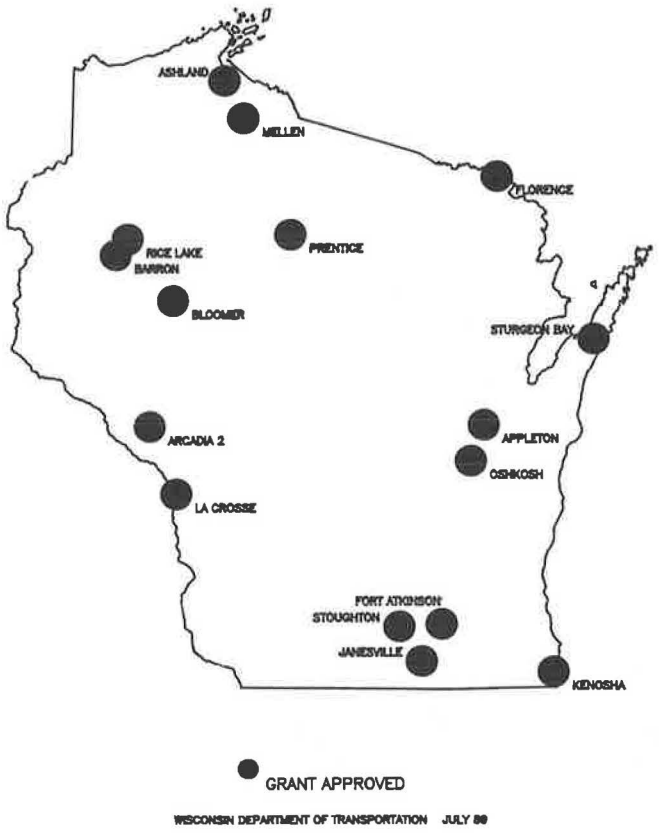

FIGURE 2 TEA jobs in communities across Wisconsin.

ECONOMIC EFFECTS

The economic effects of these TEA-assisted transportation improvements involve reductions in transportation cost caused by the transportation improvement and changes in the state economy caused by the economic development project. Together, these benefits have more than justified the improvements.

Transportation Effects

For each transportation improvement requested as part of a TEA project, a justified transportation need must exist. A need is considered justified when the transportation benefits exceed the transportation costs. For projects that improve the capacity of existing highways or alter regional traffic patterns, the Highway Investment Analysis Package (HIAP) is used to estimate the value of the reduction in transportation costs.

The HIAP is a computerized evaluation and investment programming model developed by FHWA to help state, regional, and local organizations effectively use limited highway funds. HIAP analyzes alternative improvements to individual roadway sections and networks of sections. The model analyzes the economic and safety consequences of a wide range of highway improvements, including new construction, reconstruction, resurfacing, detours, hazardous areas, and railroad grade crossings.

HIAP may be used to evaluate and compare alternative improvements to the same highway section or to several highway sections or to examine a pool of improvements proposed for a finite period within an area, and to prepare a prioritized construction program. The model provides investment programming under constraints that replicate the financial, political, and environmental requirements of public investment planning.

A means for developing a tentative investment program, HIAP is best seen as a starting point for further discussion incorporating subjective or nonquantifiable considerations. It can, for example, be used to estimate economic benefits foregone by implementing investment programs structured to address political considerations rather than simple cost-effectiveness.

The minimum data required to operate the model consists of relatively basic existing and improved roadway cross-section information (number of lanes, lane width, type of median, type of access control, surface type, and type of area served by the road), at least two average daily traffic estimates for different years, and the capital cost of the improvement. The user may select HIAP default tables and calculations instead of manually calculating other data items.

The HIAP computer package assigns dollar values to construction costs, maintenance costs, travel time, operating costs, and the cost of traffic accidents. If the benefits, such as reduced travel time, traffic accidents, and operating costs, exceed the improvement and maintenance costs, the project is considered a good investment. Even if other aspects of the project are questionable, a positive benefit-cost analysis may offset the other aspects.

To perform the benefit-cost analysis, reliable travel forecasts are needed. Locally generated forecasts are reviewed to make sure they are logical and reasonable. In some cases, the transportation improvement is to provide new access to an industrial park, and before-and-after traffic costs cannot be compared. In these cases, the improvement is judged on the basis of how well it provides service to a new development. In some cases, the design of the access is adjusted to ensure it is cost-effective.

Rail projects submitted for TEA consideration are typically rail spur projects. They also receive a benefit-cost analysis. The cost of shipping by rail is compared to the cost of shipping by truck or some combination of rail and truck. Costs for each alternative are identified and plotted over time. This stream of costs is then discounted to a present value (the discount rate is 5 percent in real terms). The costs that are considered include the amount charged to the shipper by the carrier, handling costs that differ between alternatives, facility costs that differ between alternatives, and loss and damage.

Effect on State's Economy

Changes in the economy caused by an economic development project are measured in terms of net increases in employment, employee wages, sales taxes, and income taxes. The economic development benefits are calculated using a model of the Wisconsin economy. This model, developed by Regional Economic Development Models, Inc. (REMI), takes into account

TABLE 3 COUNTY POPULATIONS OF TEA PROJECTS, 1988 ESTIMATE

County	Community	County Population
La Crosse	La Crosse	97,002
Kenosha	Kenosha/Town of Pleasant Prairie	123,127
Barron	Rice Lake	40,968
Jefferson	Ft. Atkinson	66,876
Florence	Florence	4,387
Winnebago	Oshkosh	139,107
Outagamie	Appleton	137,777
Dane	Stoughton	346,591
Trempealeau	Arcadia	26,335
Price	Prentice	16,125
Rock	Janesville	139,344
Barron	Barron	40,968
Door	Sturgeon Bay	26,905
Chippewa	Bloomer	54,220
Walworth	Whitewater	73,357
Ashland	Ashland	16,848
Ashland	Mellen	16,848

Source Population Estimates: DOA, Demographic Services Center; Official Population Estimate For 1988

the inputs and outputs that flow between businesses in Wisconsin and between Wisconsin businesses and those outside the state.

The economic simulation is performed using information on direct employment, indirect employment, and income that is generated by the new businesses. The number of jobs by standard industrial classification code and the average hourly wage for those jobs are used to determine the present value of the wages over a 10-year period. On the basis of that income, the state income and sales taxes that will be paid can be estimated.

The REMI forecasting and simulation model and conjoined 490-sector input-output model is a regional economic model with a rigid structure, calibrated specifically to a given region or state, so the underlying structure of the model is consistent from region to region, while the behavior of the model for one region differs from that of another region. This model is designed to yield quantitative estimates of indirect and direct effects of proposed policies as a change in any variable is transmitted through the entire web of economic linkages within the state. It comprises price-responsive demand and production functions around an input-output matrix. It includes input, output, and cost parameters for all significant industries in the state, as well as interindustry linkages. In this computable general equilibrium model, any given change is seen to simultaneously affect all product and labor markets, endogenously determining quantities and prices, as well as wages and employment for all occupations and industries in Wisconsin.

The REMI model contains such elements as state interindustry structure, consumer and government demand, capital stock adjustments, industrial location based on comparative cost of doing business, derived demand for factors of production, labor supply, and income distribution. For example, in considering out-of-state exports, the model accounts not only for national and international demand, but also computes the relative cost of Wisconsin (versus other areas) as a location for production for each manufacturing and nonmanufacturing industry. An increase in production costs for a Wisconsin industry relative to costs in the rest of the United States—such as a new state tax—will lead to a reduction in Wisconsin's national share of that industry. Production costs of industries in the state include state taxes and property taxes, as well as the costs of intermediate goods and labor.

Also included in the model are regional purchase coefficients for each industry, reflecting the fact that a region is an open economy. Goods and services for production input or for final demand will be brought into the state to the extent that regional comparative costs and product transportability

warrant. Input, output, and employment estimates reflect these leakages of purchases typical of an open economy.

Generally, there are three major causal links in the model: (a) demand and supply linkages, (b) cost linkages, and (c) wage determination linkages. Demand and supply linkages link external demand for local output of a good with concomitant levels of local production of that good, output of intermediate goods required for that production, regional incomes that affect local consumer spending, changes in investment spending, and changes in population (through migration) that affect government spending.

Cost linkages link a region's wage costs and nonlabor production costs with the mix of productive factors used to produce a good, with the total production costs, and consequently with the region's share of extraregional markets, local output, and local employment directly and indirectly involved in that output.

Wage determination linkages are the web of interactions between employment levels by industry, occupational skill requirements by specific industry, and demand for specific occupations. These links interact in turn with wage rates by occupation, and wage rate levels in specific industries. Changes in these wage cost elements also produce changes in the previously described cost linkages. In addition, increased employment levels tend to increase population (through inmigration), thereby increasing labor supply and dampening the effects on wage rates of an increased demand for labor.

Although the REMI model produces estimates of indirect jobs, they are not considered as strongly in the TEA evaluation as the direct jobs. For instance, the ratio of TEA cost per job only considers direct jobs. One reason for this is because it is difficult to determine exactly what portion of the wages is spent outside the state, thereby producing indirect jobs in other states; average relationships are used in the estimates.

The TEA program concentrates on assisting basic activities that produce goods and services sold beyond the state's borders. The flow of income into the state from the payments associated with its exports are the primary fuel that keeps the economy strong and growing. The businesses that are excluded are largely ones that involve the transfer of jobs from one part of the state to another.

PROBLEMS

Some problems have been encountered in administering the TEA program. One of the biggest has been the short construction schedule desired by applicants for the proposed economic development project and the transportation improvement. Sometimes, applications were received only weeks before the developer wanted to start construction of the building and the improvement. Usually, no preliminary engineering had been done. As a result, a few projects were delayed. In other cases, the process could be shortened enough to get the project into the construction schedule.

In five cases, the rights-of-way still had to be acquired, taking a number of months. In one case, the community had to acquire the real estate by condemnation. Also, two projects required detailed Environmental Impact Statements (EISs). Luckily, they were already underway and took only a few additional months. The EIS for a recently received request will take 2 years to complete.

Many times, businesses did not want to submit financial information because they were afraid a competitor would get the information. As proof of financial soundness, the TEA program requires 3 years of audited profit and loss statements. The state is not able to keep that financial information confidential. If someone asks to see the information, it has to be provided. This situation has become a real concern. In some cases, WisDOT has had to insist on seeing the financial information, because it cannot take the chance of investing in an unsound business.

WisDOT has had trouble validating forecasts of new jobs and determining that those jobs would not occur without state TEA funding for the transportation improvement. As a result, the local government is asked to sign a guarantee that the jobs will be created. If the jobs are not created, the applicant (local government) must pay back all or a portion of the grant.

Some applications were so small in terms of the cost and size of the project that it hardly paid to take them through the process. Projects that involve only $10,000 to $20,000 are best constructed and funded at the local level.

As mentioned earlier, many actors are involved in these projects. Therefore, some of the projects were difficult to coordinate. Also, the smaller communities often lacked adequate staff to help coordinate and implement projects. In some cases, regional planning commissions were able to assist the community.

CASE STUDIES

The following case studies of projects in Kenosha, Fort Atkinson, Oshkosh, and Florence represent a good cross section of the TEA projects WisDOT has approved to date. The projects vary in kind of development, type of transportation improvement, number of jobs, size, and location. Figure 2 shows the location of these sites.

Lakeview Corporate Park in Kenosha

Lakeview Corporate Park is a new 1,200-acre industrial park owned by WisPark, a subsidiary of Wisconsin Electric Power Company, which serves southeastern Wisconsin. Energy officials estimate that the park could provide 7,000 to 12,000 jobs in the next 7 to 15 years.

The TEA project involved the construction of a 2-mi extension of a county trunk highway. This four-lane divided road connects the new industrial park directly with Interstate 94 between Milwaukee and Chicago. This link to the Interstate is considered vital to the development of the industrial park. Lakeview Corporate Park is in the Pleasant Prairie township of Kenosha County.

The 2-mi extension of County Highway *Q* is projected to help the industrial park win as many as 800 new jobs in the next 3 years through businesses relocating to or expanding in Kenosha County. The park is projected to create 1,323 indirect jobs—with businesses that sell to or buy from the new business, or benefit from the additional consumer spending. This development will increase earned wages by $254 million

and sales and income tax revenue by $26 million over the next 8 years.

Transportation efficiency benefits (reductions in travel time, vehicle operation, and accident costs) and avoided maintenance costs to alternative roads were higher than the costs. The benefit/cost ratio was 2.5, and the net present value was over $9 million.

The total cost of this county road extension was $6.8 million. The TEA grant paid $2.5 million, Kenosha County paid $1.9 million, and $2.4 million came from WisPark (providing a good example of partnership between the public and private sectors). The local government and WisPark provided the state with a written guarantee that at least 580 jobs, new to Wisconsin, would be created in the park within 3 years from the time the roadway was opened. If the job requirement is not satisfied, reimbursement may be necessary.

This joint economic development will be a boon to the state, especially in an area that has been losing employment and where unemployment rates have been running at twice the state average. Two large firms have already announced plans to build in Lakeview Corporate Park. Super Value will build a $53 million grocery distribution center that will add 700 jobs to the area over the next 5 years. Rust-Oleum Corporation, a major manufacturer of rust-preventive and moisture-resistant coatings, will build a $20 million plant and employ about 200 people.

Metal Container Corporation in Fort Atkinson

Metal Container Corporation, a wholly owned subsidiary of Anheuser-Busch Companies, Inc., has built a metal can manufacturing plant on the northern edge of the city of Fort Atkinson, in south-central Wisconsin. The 200,000-ft^2 plant, representing a capital investment of $30 million, will make aluminum cans for a nearby Pepsi bottling plant, which is the largest soft-drink operation in the world.

The transportation project is an access road extending 1,200 ft east from Main Street through the industrial park to the Chicago & Northeastern Railroad. The street is 36 ft wide and has 7-in. nonreinforced concrete and curb and gutter. The total cost of the transportation improvement was $170,000, with WisDOT's share being $85,000.

Anheuser-Busch Companies, Inc., considered 39 communities before selecting Fort Atkinson. Transportation, including proximity to rail, was a key factor in the decision. Rail service is required for the inbound shipment of raw materials and the outbound shipment of scrap aluminum for recycling.

TEA funds can help create substantial new employment in relatively small communities such as Fort Atkinson, which has a population of about 10,000. The new plant will create 130 direct jobs and 144 indirect jobs. Thus, WisDOT will spend $650 in TEA funds for every direct job created. The new industry will create $5.3 million a year in personal income for citizens in the next 10 years. Income and sales taxes generated by the project should total $3 million over 10 years.

Experimental Aircraft Association in Oshkosh

The Experimental Aircraft Association (EAA), with over 110,000 members, has the largest collection of private aircraft in the world. Membership in EAA involves 725 chapters in 90 different countries. It is based in Oshkosh, Wisconsin.

Oshkosh is also the site of the EAA annual convention and fly-in at Wittman Field. The 2-week convention has grown steadily to current attendance of over 800,000 people and an economic impact of over $60 million in Wisconsin. Visitors from over 70 countries, including the Soviet Union, attended this year's fly-in. The attendance and the resulting economic impact are forecasted to continue to grow as long as public facilities to support the growth are constructed.

The EAA employs 114 full-time and 36 part-time employees. During the summer season, 100 additional part-time employees are added to the work force. During the 2-week convention period, over 1,000 local citizens are employed for various services.

To alleviate congestion during the 2-week fly-in, EAA requested $162,500 in TEA funds to widen local streets from two to three lanes, to rebuild two intersections, and to build new sidewalks. The widened roads would have the capacity to serve a greater number of vehicles per hour, and the new sidewalks would reduce pedestrian and vehicular conflicts. The benefits of the improvements include less delay because of reduced congestion and safer travel because of avoided accidents.

If these transportation improvements were made, it was estimated that annual expenditures at the convention would increase from $65 to $81 million. Using the model of the state's economy, expenditures of $16 million on goods and services translate into 648 jobs. Because businesses buy goods and services from outside of Wisconsin, the expenditures represent 259 jobs for Wisconsin.

This project is an example of successful, rapid provision. The project was completed in only 2 months, just in time for the 1988 fly-in.

The TEA project was the second transportation project during the year designed to improve facilities for EAA. Federal and state funds of $1.5 million were used to lengthen a runway and taxiways. The ability to augment and influence other projects and funding is another attribute of the TEA program.

Pride Manufacturing Co. in Florence County

Pride Manufacturing Co. has built a wood turnings plant and mill in the town of Florence in northeastern Wisconsin. The 200,000-ft^2 plant represents a capital investment of $2.5 million. Florence, an unincorporated town of about 1,800 people, was chosen over sites in Michigan, Minnesota, North Dakota, and Canada.

Wisconsin was chosen because of its receptive business attitude (including the TEA program) and because it has the necessary raw material. The Florence area contains the white birch the firm needs to manufacture its over 400 different wood components, which include products varying from its original wooden cigar holder to golf tees and parts for toys, games, crafts, and furniture. Pride said that the site was appealing but that the WisDOT grant made it all possible.

TEA funds provided $172,000 to help construct a 24-ft-wide, 1,000-ft-long road providing access to the new plant. The new road provided employees and heavy trucks the access they needed.

Pride Manufacturing Co. will create 150 new jobs. The cost of TEA funds per direct job is quite favorable at $1,147. Payments made by the direct job holders to other parties in the regional economy will in turn produce another 79 jobs. The REMI model estimates that personal income in the state will increase $3,520,000 annually because of these jobs. The project will also increase the tax base in the state. The present value of all income and sales taxes generated by the project during the 10-year period is equal to $1,620,000.

CONCLUSIONS

The TEA program is a success. The program is meeting its objective of securing more jobs for Wisconsin and has allowed the state to move more quickly to help communities attract new jobs. Wisconsin's ability to effect transportation improvements rapidly has many times been the key to creating new jobs and economic opportunities.

Also, the TEA program has been instrumental in acquiring additional funds for local communities. The program, when used with local funds, has helped acquire additional funds from other agencies, such as EDA.

The TEA program represents more than just money. The program is a way of sending a positive message from the state to private industry; it shows that the state cares about private business and can be responsible. The private sector appreciates that positive attitude.

TEA has demonstrated that local, state, and federal government can work as partners with the private sector in fostering economic development. TEA's success has been based on extensive cooperation between all parties. In Wisconsin, state government wants to be a strong partner in fostering economic development.