

Economic Development 101

The Value of an Effective Economic Development Organization Like St. Croix Economic Development Corporation



What is Economic Development?



Economic development is the process by which a community (or region) organizes and then applies its energy to the tasks of improving the economic well-being and quality of life for the geographic area. Economic development is a long-term investment of time, people, limited resources and skills.



Why Should the Public and Private Sectors be Concerned about Economic Development?



Economic development helps pay the bills. Economic development is about working together to maintain a vibrant economy by creating and retaining desirable jobs. Good jobs provide a higher standard of living, which impacts the tax base. This means a community, a county, a region or state can provide the level of services its residents expect.



Does Economic Development Really Matter?



A local area needs economic development to help pay for many government services. Economic development helps retain and grow existing businesses, attract new business and investment, nurture entrepreneurs and encourage new business start-ups. Job growth in manufacturing, technology and business services brings new dollars into a community and region. New dollars invested and spent in a community generate more economic activity, creating a multiplier effect. The higher the multiplier, the greater the impact on the local economy. Studies have shown the multiplier for manufacturing falls in the range between 1.5 and 2. This means the total community impact of new dollars or jobs can be up to double the amount of the original investment.



What is the Economic Impact of Gaining or Losing Jobs?



The value of gaining or losing jobs can be estimated by the direct, indirect and induced economic impacts of that gain or loss on the economy. Direct effects are the changes in economic activity during the first round of spending. These represent the impacts, such as the change in employment, for the expenditures and/or production values. Indirect effects are the changes in sales, income or employment within a region due to the linkage of businesses supplying goods and services. Induced effects represent impacts, such as the change in employment, on all local businesses caused by the expenditures of new household income generated by direct and indirect effects.

If positive impacts are felt by job creation, the reverse is also true. Job loss has a negative impact on the economy.

St. Croix Economic Development Corporation

Helping Move St. Croix County, Wisconsin Forward

Background: St. Croix Economic Development Corporation (EDC) was formed in 1993, and operates as the independent economic development arm for St. Croix County, Wisconsin. The EDC is structured as an IRS 501(c)(6) not-for-profit organization. The IRS identifies this type of organization as a business league, comprised of a diverse set of members that work to improve the business climate within a defined service territory. The EDC lists over 100 public and private sector members that provide financial support or in-kind services to its successful operation.

Governance: The EDC is governed by a 19-member board of directors. Three directors are county supervisors appointed by the county board chair to the economic development committee. Directors serve a defined term, as do the officers, which include a president, first vice president, second vice president and secretary-treasurer.

Several committees help direct the EDC's activities - Executive, Finance, Retention and Marketing & Communications.

The EDC conducts an Annual Meeting every May, and retains the services of a CPA firm to conduct an annual financial audit.

The EDC is exempt for federal income tax under Section 501(c)(6) of the IRS Code.

Staff: The EDC employs an executive director and administrative assistant. Both provide the day-to-day support for the organization.

Reflective Activities: The EDC conducts business retention activities like assisting with business expansion projects. The EDC also solicits feedback from companies during its site visit program to existing businesses throughout the county.

Other activities include business recruitment and fostering entrepreneurial start-ups (new business incorporations).

The EDC publishes a newsletter (*The Chronicle*) six times a year plus a monthly electronic newsletter.

The EDC honors several businesses in February at a Business of the Year banquet.

The EDC is a clearinghouse of statistical information on St. Croix County and west central Wisconsin.

The EDC identifies important legislative issues at the state and federal levels.

Partners: In furthering its economic development initiatives, the EDC partners with many organizations. These include: Forward Wisconsin, Wisconsin Department of Commerce, Governor's Business Council, Workforce Resource, Wisconsin Entrepreneurs Network, I-94 Biz Network, West Central Wisconsin Regional Planning Commission, UW-Extension, Small Business Development Center, Northwest Wisconsin Manufacturing Outreach Center, Wisconsin Business Development Finance Corporation, St. Croix Valley Legislative Days, West Central Wisconsin Rail Coalition, St. Croix Valley Employers Association, St. Croix Valley Tourism Alliance, St. Croix Valley Angel Network, Science and Technology Accelerator Corporation, UW-River Falls, Wisconsin Indianhead Technical College, Chippewa Valley Technical College, local EDCs and local chambers of commerce.