



Regional Report

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CREDITS

Research Funder

Helen Bader Foundation

Study author

Ryan Horton, M.U.P.
Researcher

Research assistance

Laura Million
Research Associate

Jeffrey C. Browne
President

Anneliese Dickman, J.D.
Research Director

Jeffrey Schmidt
Researcher

Jerry Slaske
Communications Director

Catherine A. Crother
Office Manager

High-stakes game of risk

How to attract more federal dollars to southeastern Wisconsin

Competitive federal dollars drive economic growth. From the new downtown public market, to the opening of a corner sushi café in Kenosha, to the development of a super fuel-efficient natural gas engine in Waukesha, federal funding is a diverse source of capital that fuels discovery and wealth creation in southeastern Wisconsin. However, this region is closer to being a Grand Rapids than a Raleigh or a Boston in terms of how competitive we are for these funds (Table 1). This failure to take full advantage of federal grants, loans and earmarks currently places our regional “innovation economy” at a competitive disadvantage to our peers.

Table 1: Competitive federal funding for economic development, 2003*

Rank	Metro Area
1	Raleigh
2	Boston
3	Albany
4	San Diego
5	Denver
35	New Orleans
36	Milwaukee**
37	Chicago
48	Grand Rapids
49	Jacksonville
50	Virginia Beach

*see “Competing for Economic Development Dollars” for the complete table (publicpolicyforum.org)

**Based on the 5-county region of Racine, Waukesha, Milwaukee, Washington and Ozaukee

So, what needs to be done to move up in the rankings?

To answer this question, the Public Policy Forum analyzed US Census Bureau data and interviewed 23 leaders from the largest federally funded organizations in southeastern Wisconsin. These non-profit, university and business leaders were chosen because of their success in securing competitive dollars in Wisconsin’s federal funding trenches. Interviewees eschewed conventional wisdom and held the view that, although not easy, action could be taken to attract more federal dollars for economic development.



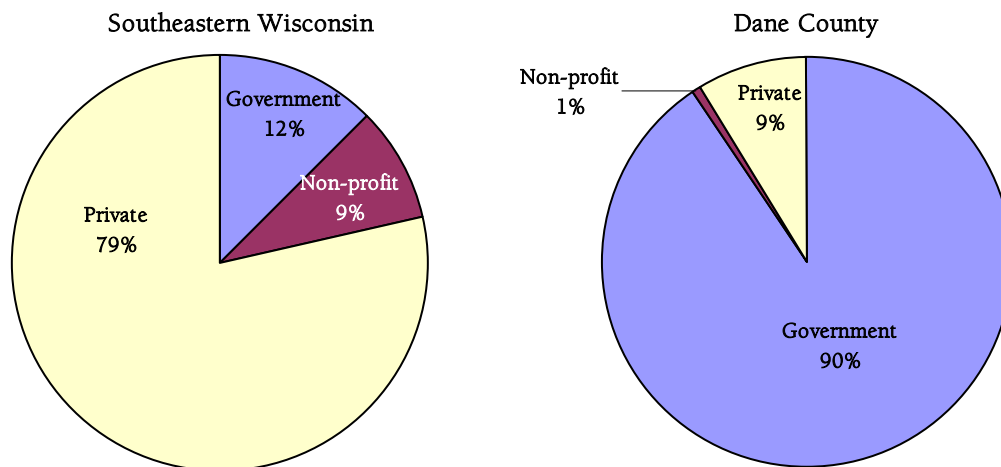
633 West Wisconsin Avenue
Suite 406
Milwaukee, Wisconsin 53203
www.publicpolicyforum.org
Phone (414) 276-8240

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The pool of experts suggested the following:

- **Speak with one voice.** Establish a list of local projects that can potentially produce regional and state-wide benefits. Priority would be placed on projects aligned not only with the interests of the state’s federal delegation, but with the needs of state, regional, and federal agencies, as well.
- **Loosen purse strings.** Federal funding does not come cheap. The region needs to raise “start-up” money to build organizational capacity (e.g., professional grant writers), fiscal capacity (e.g., matching funds to draw down federal dollars) and infrastructure (e.g., research lab space).
- **Don’t be timid, “Just Ask.”** More institutional focus, energy and aggressiveness needs to be applied in securing federal dollars. In addition, we must also remember that the more funding we request as a region, the more we will receive.
- **Be collaborative.** Unlike Madison which can point to the government sector (UW and the State of Wisconsin) to keep its federal pump primed with cash, Milwaukee plays host to a multitude of private and non-profit organizations to attract the majority of its federal dollars (Chart 1). Thus, the Milwaukee region’s strategy to increase the flow of federal funds will have to be more reliant on leveraging cooperative partnership between private and non-profit organizations, businesses, and universities. We already see this in regional collaborative efforts like the Biomedical Technology Alliance, the Milwaukee 7 and the Wisconsin Institute for Biomedical and Health Technologies.

Chart 1: Type of organizations receiving federal funds



Conventional wisdom

Southeastern Wisconsin’s historically low level of federal funding is due to :

- Small defense industry
- No major military base
- Little representation on federal appropriation committees
- Absence of a large public flagship university
- State capital outside the region

While not wrong, conventional wisdom provides few clues on how to attract more federal dollars. Instead of rationalizing our poor rankings, interviewees pointed the way to more funds with real strategies.

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Table 2: Top 30 Southeastern Wisconsin entities receiving competitive federal dollars for economic development projects

Rank	Organizations	2003	2004	2-year total	Notes
1	Medical College of Wisconsin	\$94,833,288	\$88,043,394	\$182,876,682	\$58.4 million for heart and vascular disease research
2	University of Wisconsin Milwaukee	\$17,122,443	\$10,952,474	\$28,074,917	2003 figure includes \$7.7 million for the Milwaukee Mathematics Partnership
3	City of Milwaukee	\$4,077,929	\$14,076,451	\$18,154,380	\$10.8 million to rebuild public housing and \$3.9 million for brownfield cleanup
4	Milwaukee County	\$8,365,494	\$8,569,185	\$16,934,679	All funds to Mitchell International for noise and security improvements
5	Marquette University	\$6,927,471	\$7,065,785	\$13,993,256	\$2.4 million to the National Institute on Disability and Rehabilitation Research
6	Blood Center of Southeastern Wisconsin	\$5,221,172	\$8,508,200	\$13,729,372	Largest non-academic R&D institute in southeastern Wisconsin
7	Ways to Work, Inc.	\$5,121,225	\$2,610,127	\$7,731,352	National provider of loans to low-income families for auto purchase
8	Private Industry Council of Milwaukee Co.	\$7,257,325	\$0	\$7,257,325	Youth Opportunity Grants (job training) were eliminated in 2004
9	Waukesha Engine	\$2,223,205	\$3,160,378	\$5,383,583	Research funding for the development of fuel efficient natural gas engines
10	Guy & O'Neill, Inc.	\$3,600,000	\$0	\$3,600,000	Development loan for this Fredonia manufacturer of wet-wipes.
11	Third Ward Business Improvement District	\$0	\$2,500,000	\$2,500,000	Grant for the construction of the new Milwaukee Public Market.
12	City of Racine	\$2,062,300	\$375,000	\$2,437,300	\$1.8 million EPA grant for a \$22.7 million water treatment facility
13	Astronautics Corporation of America	\$1,286,157	\$1,088,991	\$2,375,148	R&D funding to this Milwaukee manufacturer of flight instruments
14	Physiogenix, Inc.	\$1,021,506	\$989,541	\$2,011,047	Pharmaceutical R&D dollars to this Medical College spin-off
15	Milwaukee Area Technical College	\$726,297	\$1,026,301	\$1,752,598	\$810 for a migrant education high school equivalency program
16	Opportunities Industrialization Center	\$848,309	\$848,309	\$1,696,618	\$1.6 million for a national sexual-abstinence education program
17	Wisconsin Women's Business Initiative Corp.	\$1,309,673	\$297,500	\$1,607,173	\$870k in lending under the SBA micro-loan demonstration program
18	Noble Grain Farms	\$0	\$1,564,002	\$1,564,002	Farm ownership loan from the Department of Agriculture
19	J & Y International Enterprise, LLC	\$93,750	\$1,415,063	\$1,508,813	SBA 7a loan for this Waukesha County business
20	Kool Petroleum, Inc.	\$0	\$1,500,000	\$1,500,000	SBA 7a loan for this Milwaukee County business
21	Two Men And A Truck	\$0	\$1,488,750	\$1,488,750	SBA 7a loan for this Milwaukee County business
22	Holy Redeemer Institutional Church of God	\$626,598	\$824,471	\$1,451,069	Training grant to strengthen faith-based and community agencies in SE WI
23	McBride Investment Company, Inc.	\$0	\$1,421,250	\$1,421,250	SBA 7a loan for this Waukesha County business
24	Rosalie Manor	\$609,478	\$798,000	\$1,407,478	Funding for abstinence education and teen parenting support programs
25	Milwaukee Boys and Girls Club	\$1,371,563	\$0	\$1,371,563	\$1 million program to help low-income residents establish money saving skills
26	Milwaukee Public Museum	\$247,604	\$1,079,746	\$1,327,350	Funding for two rainforest projects - cocoa tree and butterfly research
27	RMS Golf Venture, LLC	\$1,298,000	\$0	\$1,298,000	SBA 504 economic development loan for golf course purchase
28	Genoa Plaza Apartments	\$1,200,000	\$0	\$1,200,000	Rural housing loan for apartment project in Walworth County
29	Milwaukee School of Engineering	\$626,572	\$528,376	\$1,154,948	Multiple engineering research grants
30	Melting Pot Restaurant	\$0	\$1,076,912	\$1,076,912	SBA 7a loan to open a branch of this nationally franchised restaurant
Top 30 subtotal		\$168,077,359	\$161,808,206		
Other grantees		\$96,334,941	\$120,637,108		
TOTAL		\$264,412,300	\$282,445,314	6.8%	funding increase

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Listed in Table 2 are the thirty largest entities in the seven counties of southeastern Wisconsin that have received competitive federal grants, loans, and earmarks for “economic development” in 2003 and 2004. The list includes everything from \$58.4 million for heart and vascular disease research at the Medical College of Wisconsin to a \$3.6 million development loan to help expand a factory in Ozaukee County owned by Guy & O’Neill, Inc., a large manufacturer of wet-wipes. Nearly all of those interviewed for this study have some association with the “top 30” list.

To attract more dollars, interviewees expressed the need to tackle key obstacles in the pursuit of federal funds, which add to the already intense competitive nature of federal funding and can make the environment too risky for area organizations with finite resources to pursue such opportunities. Major obstacles noted by interviewees include:

- Lack of startup capital – Organizations need upfront cash to lobby, match federal grants, pay for consulting, conduct initial research, develop a model program, build new research lab space, etc.
- Lack of knowledge – It’s impossible to take advantage of a funding opportunity if you don’t know it’s there. Even knowing of a funding opportunity, there still needs to be knowledge of the funding process and an awareness of the path of least resistance to those funds.
- Lack of time – Many successful organizations travel to Washington D.C. two to four times a year and/or are on the phone weekly with their federal agency contacts. Building these relationships takes time, patience, and persistence.
- “Old culture” – If federal funds have not been aggressively pursued in the past by a given organization, chances are they will not be pursued in the future.

Addressing these obstacles would result in making the process less risky. The following suggestions and best practices from area civic leaders serve as a “how to” guide on mitigating risk in the federal funding game.

Methodology

US Census Bureau data from the Federal Assistance Awards Data System (FAADS) was used to generate all statistics in this report. A federal award was deemed to be “economic development” if it fell into one of the following categories: research & development, business assistance, infrastructure, community development, workforce development, or housing development. In all, this included 349 competitive grant and loan programs. Earmarked awards are included in the dataset. Unless otherwise noted, the listed “region” includes the seven counties of Walworth, Kenosha, Racine, Milwaukee, Waukesha, Ozaukee, and Washington.

The 23 interviewees were selected because of their experience with federal funding and their association with a major organization in the region that has been successful in attracting federal dollars. Questions were altered based on the experience and history of the interviewee. Major themes and best practices were then compiled to arrive at the collective recommendations in this report.

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Six steps to more federal dollars for southeastern Wisconsin

1. Show one face to Wisconsin's federal delegation

Currently, our elected leaders do their own prioritization of regional projects to support. This makes sense, as they are ones closest to the pulse of the funding climate in Washington. Interviewees suggested, however, that civic leaders could be more assertive in this process by establishing a list of local projects that could have repercussive regional and statewide benefits. A premium would need to be placed on projects that were aligned not only with the interests of the state's federal delegation, but with the needs of the state, region, and federal administration and agencies, as well.

Example

Construction of Marquette University's dental school was a project that garnered widespread statewide support from Wisconsin's federal officials. Support was found in both chambers and both political parties. In the end, over \$5 million was secured through a multi-year lobbying effort. The attraction for our federal delegation was that Marquette's dental school is the only one in the state, training more than 70% of all Wisconsin licensed dentists.

Suggestions

- Currently there is a "Milwaukee Day" in D.C. In place of a "day," we may need a more coordinated and sustained effort to lobby Wisconsin's delegation on projects of regional and statewide importance.
- Develop a closer relationship with D.C. Wisconsin transportation interests have done this with an annual "fly-in" to Washington to lobby for funding. Are there other industry clusters that would benefit from such a concentrated lobbying effort?
- Identify the "low-hanging fruit" that could most easily attract funding.

2. Spend money to make money

The federal government, in general, is risk adverse. While it likes funding innovative programs and practices, it wants results – not start-up costs. Thus, interviewees stressed the need to find creative funding to hire experts to lobby and write grant proposals, build research and lab facilities, hire faculty, buy equipment, fund a study or plan, develop program curriculum, etc.

Example

The Private Industry Council of Milwaukee County received a \$50,000 grant from a local private foundation to hire a professional grant writer to assemble a competitive grant application for a job training program. This relatively modest down payment of \$50,000 paid off with the PIC being awarded a 5-year \$27 million grant from the U.S. Department of Labor's Employment and Training Administration.

Suggestions

- **Stimulate private investment.** Philanthropists, foundations, and corporations need to be sold on the idea that endowment, seed-grant, and challenge grants are needed to build our infrastructure to attract federal dollars.
- **Stimulate public investment.** Leveraging state support, UW system funding, and local dollars into federal dollars is another key strategy. For example, municipalities could place a priority on using tax increment financing as the source of funding for the required local match for state and federal grants.

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- **Hire experts (ie., Don't go it alone)** Knowledge of the federal funding process can be found in professional grant writers, the staff of elected officials, former agency staffers, lobbyists, consultants, academic research faculty, etc. There is a need to tap into this pool of knowledge. Training, attracting and hiring more of these experts is crucial.

3. Publicize achievements

In the same way that organizations have to make the case to D.C. for federal funding, they also must make the case to people back home. Interviewees stressed the importance of announcing the good that comes from federal awards. They feel that if area organizations could better learn to make the case that federal funding has produced positive results, that more funds would follow and other area organizations would be more likely to pursue funding. In short, make an effort to highlight achievements to the media and other area organizations.

Example

Menomonee Valley Partners have pursued federal funding - both earmarks and competitive grants - by continually advertising their accomplishments and highlighting their ambitious long-term plan for the valley's redevelopment. Site tours to elected officials, informational visits to Wisconsin's delegation staff in DC, and constant networking keep this project in the headlines and on leaders' minds. The result has been millions in federal dollars for infrastructure improvements and environmental remediation.

Suggestions

- **Conduct outreach efforts.** The Small Business Administration saw a dramatic rise in loan financing after it made a push to get the message out about changes that streamlined the loan approval process.
- **Be good community stewards.** The federal government and our local elected officials want to invest in projects and organizations that are popular with voters and have broad-based community buy-in.
- **Clarify the role of earmarks.** Be clear that local earmarks are not for "pork projects" but for needed projects, like the Marquette Interchange reconstruction and Menomonee Valley redevelopment.

4. Embolden leadership in area organizations to transform culture

Change the institutional culture in local universities, non-profits and businesses to nurture creativity, innovation, autonomy and boldness.

Examples

Marquette University doubled federal research dollar requests over the last 10 years, and as a result nearly tripled federal awards. It is a simple formula, the more you ask for, the more you get. The Medical College of Wisconsin was able to supplant the "old thinking" on campus with an institutional emphasis on research. In doing so, it was able to change the culture to one that nurtures creativity and innovation. In the past 15 years, research funding increased from \$26 million to \$140 million. Both schools also have benefited from focused leadership and strong faculty hires who have autonomy and institutional support.

Suggestions

- **"Just ask."** Simple advice that has worked for a few area organizations. You will never get funded if you don't ask.
- **Don't centralize.** Across the board, the most successful organizations were decentralized. They gave

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their faculty/employees autonomy to pursue federal dollars and write their own grants. In this model, organizations have to see themselves as businesses or entrepreneurs, and operate like incubators.

- **Culture change.** An attitude of risk-taking has to evolve.

5. Be good grantees

Interviewees were unanimous that you must be a model grantee in order to remain fundable in the future.

Example

For a city its size, Milwaukee has been awarded disproportionately large sums of competitive dollars for brownfield rehabilitation over the years. The reason for the success in securing competitive Environmental Protection Agency (EPA) has been the city's four-person "brownfields team."

Suggestions

- Write **smart applications** and don't ask for excessive overhead or planning cost. Have a good "model application" from the start and continue to replicate that application formula.
- Focus on **proper grant management**. Use all the funds you are given and use them in a properly documented and timely fashion.
- Emphasize professional **relationships with agency bureaucrats**. (The city's team has regular contact with EPA employees, they speak regularly at national conferences, and, in turn, invite EPA officials to speak at local conferences.)
- Build **coalitions and partnerships**. (The EPA likes to see that the city is stretching its money by partnering with others, like the state and private lenders.)
- Focus on **outcomes** whenever reporting back to the federal government.
- **Highlight innovations** in an application for funds that set you apart from others.
- **Articulate need**. (Milwaukee is economically distressed - the 7th most impoverished city in the U.S.) This fact, while grim, needs to be continually highlighted in applications and lobbying efforts for area projects to get federal funding.

6. "Make no small plans"

Daniel Burnham (1893 Chicago World's Fair developer)

Interviewees emphasized the importance of conducting an initial feasibility study or development plan as a key reason for their being able to attract federal funding. This up-front investment allows federal agencies and elected officials to see exactly how funding will be used to reach an ultimate objective. Also, having completed a sophisticated study or planning process will lend transparency and legitimacy toward the funding requests.

Examples

Seven years ago, Waukesha Engine was invited to be part of a "cooperative agreement" involving an industry research group, university professors, several manufacturers, and federal research labs. As part of this partnership, it had to put up a modest sum of money to help pay for a study to establish a "need," without which the project would have never been funded. As a result of taking this risk by funding this initial study, the U.S. Department of Energy has given the "cooperative agreement" \$17.6 million since 2000.

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General Mitchell International Airport also took the time and initiative to conduct a study to allow it to tap into federal dollars. Despite the extra work created by having to complete the study and then having to administer the grant and resulting plan, the airport made the effort to fund a “noise abatement” study that then qualified them for millions in federal dollars for airport improvements. In turn, this public investment has made it easier to attract private dollars for improvements.

Suggestions

- **Go out and fund the study, plan or program.** Elected representatives and federal agencies want to see that any federal investment is part of a thoughtful and strategic plan. Organizations should be encouraged to take the risk and fund the study or plan.
- **Identify plans that are already completed or could be done.** Capitalize on regional planning, like that done at the Southeast Wisconsin Regional Planning Commission (SEWRPC), to serve as a catalyst for federal dollars. The SEWRPC-authored Kenosha-Racine-Milwaukee Commuter Rail feasibility study resulted in over \$80 million in federal funding.

Federal R&D grants in southeastern Wisconsin

Nearly half of all competitive federal dollars for economic development go toward research and development in our region. The majority of this R&D is conducted at colleges and universities. From 2003 to 2004, federal funding levels declined 10.8% at our region’s academic institutions (Table 3).

Table 3: Academic research and development federal expenditures in southeastern Wisconsin

	2003	2004	2-Year Total	
Medical College of Wisconsin	\$94,757,218	\$87,948,169	\$182,705,387	
UW Milwaukee	\$17,029,551	\$10,817,674	\$27,847,225	
Marquette University	\$6,927,471	\$7,065,785	\$13,993,256	
MSOE	\$626,572	\$528,376	\$1,154,948	
UW Parkside	\$452,413	\$242,903	\$695,316	
MATC	\$291,238	\$293,396	\$584,634	
Wisconsin Lutheran College	\$106,706	\$255,896	\$362,602	
UW Whitewater	\$270,460	\$0	\$270,460	
Alverno College	\$0	\$184,455	\$184,455	
Cardinal Stritch	\$0	\$151,001	\$151,001	
TOTAL	\$120,461,629	\$107,487,655	\$227,949,284	10.8% funding decrease

Experts predict that research funding in upcoming budgets will focus less on “basic science” and more on “applied science,” which can be more easily turned into new patents and products. Conceivably, this type of applied research could benefit private businesses that are more adept at developing new products and programs. In southeastern Wisconsin, non-academic entities engaged in research and development increased their federal funding by 17.2% from 2003 to 2004 (Table 4).

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Table 4: Non-academic research and development federal expenditures in southeastern Wisconsin

	2003	2004	2-Year Total	
Blood Center of Southeastern Wisconsin	\$5,221,172	\$8,508,200	\$13,729,372	
Waukesha Engine	\$2,223,205	\$3,160,378	\$5,383,583	
Astronautics Corporation of America	\$1,286,157	\$1,088,991	\$2,375,148	
Physiogenix, Inc.	\$1,021,506	\$989,541	\$2,011,047	
City of Racine	\$1,837,300		\$1,837,300	
Opportunities Industrialization Center	\$848,309	\$848,309	\$1,696,618	
Holy Redeemer Institutional Church of God	\$626,598	\$824,471	\$1,451,069	
Rosalie Manor	\$609,478	\$798,000	\$1,407,478	
Milwaukee Public Museum	\$200,124	\$1,050,000	\$1,250,124	
Great Lakes Hemophilia Foundation	\$487,143	\$487,143	\$974,286	
Waukesha Electric Systems	\$733,488	\$200,000	\$933,488	
Flextech Systems, Inc.	\$482,000	\$430,890	\$912,890	
Ethicsrx LLC		\$873,736	\$873,736	
Milwaukee Health Services, Inc.	\$400,000	\$400,000	\$800,000	
3-D Molecular Designs, LLC	\$397,244	\$149,917	\$547,161	
City of Milwaukee Health Department	\$543,750		\$543,750	
Michael Fields Agricultural Institute	\$187,150	\$351,000	\$538,150	
Saint Joseph's Community Hospital		\$500,000	\$500,000	
Emissions Marketing Association	\$249,518	\$238,007	\$487,525	
Eaton Corporation		\$445,000	\$445,000	
All other	\$1,678,459	\$955,129	\$2,633,588	
TOTAL	\$19,032,601	\$22,298,712	\$41,331,313	17.2% funding increase

SBA financing in southeastern Wisconsin

One third of all federal dollars for economic development in the region are government-backed loans from the Small Business Administration. The region has seen a surge in these loans. From 2003 to 2004, funding for the two largest programs (7a small business loans & 504 development loans) increased 32.3% (Table 5).

Table 5: SBA loan activity (7a small business loans and 504 development loans)

	2003	2004	Two-year total	
Milwaukee County	\$27,784,038	\$38,926,313	\$66,710,351	
Waukesha County	\$22,408,541	\$30,079,815	\$52,488,356	
Washington County	\$6,188,675	\$10,643,807	\$16,832,482	
Racine County	\$6,089,979	\$6,837,352	\$12,927,331	
Walworth County	\$6,510,941	\$5,183,850	\$11,694,791	
Ozaukee County	\$3,494,800	\$4,353,160	\$7,847,960	
Kenosha County	\$2,744,725	\$3,530,594	\$6,275,319	
TOTAL	\$75,221,699	\$99,554,891	\$174,776,590	32.3% funding increase

SBA funding experts contribute this success to focused outreach and marketing efforts, new lenders from outside the region entering the region's loan market, new SBA programs like Express Loan, a more streamlined SBA bureaucracy, and the fact that businesses are now starting to use SBA loans like credit cards for flexible equity lines of credit – much the way SBA loans have been used in other areas of the country for years.

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504 Development Loans

SBA 504 development loans are used to purchase land, building and equipment. They are tailor-made for small businesses in need of “bricks and mortar” financing. These loans are delivered through “Certified Development Companies” of which the region has three. Maximizing utilization of them would ensure that area businesses have needed capital to expand. Thus, tracking them should continue.

Table 6: Change in SBA lending, 2003-04

	2003	2004	2-Year Total	
7a Small Business Loans	\$52,283,699	\$79,912,891	\$132,196,590	52.8% funding increase
504 Development Loans	\$22,938,000	\$19,642,000	\$42,580,000	14.4% funding decrease

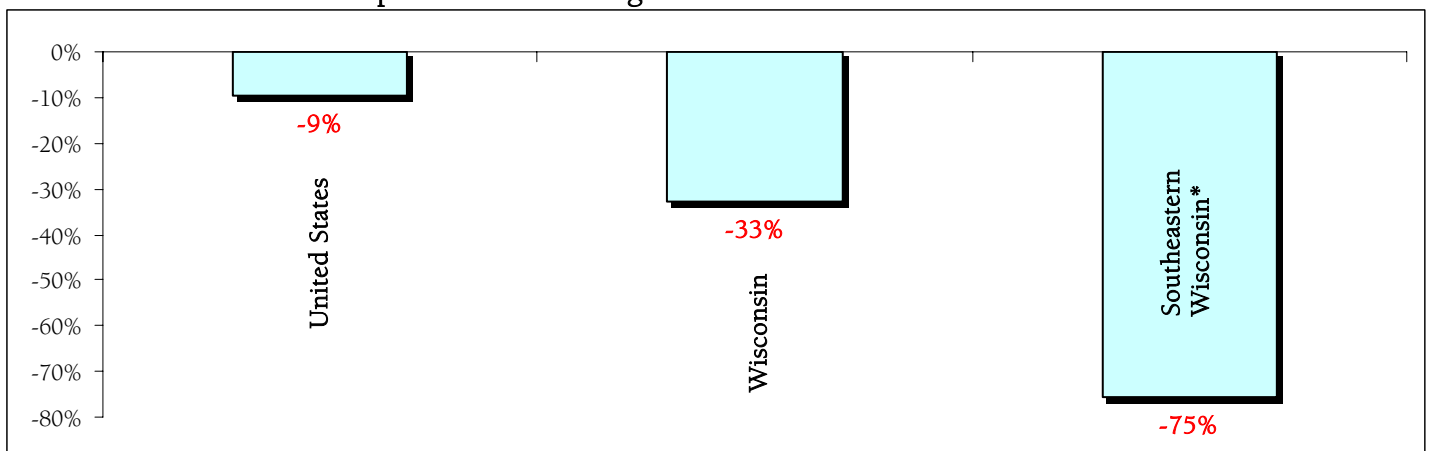
SBA loans may not be right for everyone, however. There is a fee associated with such loans, but the nature of the product allows them to reach a larger lending population because of the guarantee. The region may well want to maximize the use of these programs because of their ability to bring in federal dollars.

SBIC

One important source of SBA financing is the Small Business Investment Corporation (SBIC). SBIC was created in 1958 to fill the gap between the availability of venture capital and the needs of small businesses in start-up and growth situations. The government itself does not make direct investments or target specific industries but acts as a “fund of funds” – meaning that portfolio management and investment decisions are left to qualified private fund managers. At the end of FY 2003, SBA had close to \$5.5 billion invested in privately managed venture capital funds in the United States.

SBIC funding in southeastern Wisconsin dropped off considerably after the 2001 recession and has failed to recover (Chart 2). In fact, after averaging \$36.2 million per year in venture financing from 1996-2000, this annual average dropped to \$8.9 million during the 2001-2005 period. Both the state and the country have fared much better on this measure, only declining 33% and 9% respectively. Currently there are only 2 SBIC’s licensed in the region, down from 6 in 1996. This is a fraction of the 418 SBIC’s in existence in the United States at the end of 2005.

Chart 2: Post-recession drop in SBIC financing



* Based on the 5-county region of Racine, Waukesha, Milwaukee, Washington, and Ozaukee. The measure is drop in SBIC financing from the five year period 1996-2000 to the most recent five year period 2001-2005.

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Nevertheless, we hear relatively little about the SBIC program in this region. Is this a demand issue or a supply issue? In other words, is it just that we don't demand SBIC dollars or is it just that we can't get SBIC dollars? We cannot tell from the data but whatever the reason, there is an argument to be made that SBIC dollars should move up the priority list for regional leaders as a source of venture capital dollars.

Conclusion

Our region needs to be realistic. It has been underachieving in competing for federal funds for decades. In fact, a 1976 report concluded that the Milwaukee region suffered from a "non-utilization of federal grant programs that is both widespread and systematic."¹ Combined with the fact that federal funding is currently suffering from significant budget pressure, improvement in our rank will be neither easy nor quick. But doing nothing is hardly an appealing option.

We also should remember that federal funding is never going to be a cash cow. Science, technology, and engineering research are just about the most expensive activities that a region can engage in. Therefore, some type of private or state subsidy on top of the federal dollars will always be required. While these endeavors do cost money, the outcome of knowledge, patents, new products, jobs, and wealth are the lifeblood of a competitive regional economy.

The good news is that the region is starting to figure it out. New partnerships, new energy in our Wisconsin delegation and a new sense of regional cooperation are encouraging trends in our quest for more federal dollars. The bad news is that we are starting to figure it out in a time of tightening federal budgets and fierce competition from peer regions.

Regardless, no matter the funding environment, the game has not changed – you get what you can no matter how large or small the pot. And regional leaders might be advised to listen to our federal funding experts: boast about achievements; prioritize local projects that need federal funds, make the region and the delegation proud by being good grantees; seek out new start-up funds to help draw in federal dollars; and collaborate with experts who can be a guiding hand through the rough-and-tumble process of securing federal dollars.

¹Robert M. Stein, "Grant Seeking and the Allocation of Federal Grant-in-Aid Monies: The Case of Southeastern Wisconsin," *Milwaukee's economy: market forces, community problems and federal policies*, ed. John P. Blair and Ronald S. Edari (Chicago: Federal Reserve Bank of Chicago, 1978), p.199-219, 1976.

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Going after federal funds is a high-stakes game. The payoff for a region, however, can be huge. Thanks to the following regional leaders for their participation in this study:

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Vice President – Engineering, Waukesha Engine

Eric Ness
District Director, Small Business Administration

Dave Provancher
Vice President and Business Credit Center Manager, M&I Bank

Gerard A. Randall, Jr.
CEO, Private Industry Council of Milwaukee County

Carlos E. Santiago
Chancellor, University of Wisconsin – Milwaukee

Einar Tangen
Chairman, Business Improvement District #2 (Third Ward)

Erik Thelen
Executive Director, Office of Research and Sponsored Programs, Marquette University

Madeline Wake
Provost, Marquette University

Dr. William Weiner
Dean, Graduate School, Marquette University



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