



Wyoming Legislative Service Office

EXECUTIVE SUMMARY

Wyoming Business Council

Program Evaluation Division

June 2005

Purpose

Statutes charge the Wyoming Business Council (WBC) with planning, promoting, and developing the state's economy. The Management Audit Committee directed staff to undertake a review of the operations and impacts of WBC, focusing on such matters as: the Council's role in economic development efforts, the necessity of its quasi-governmental status, overall outcomes, and the implementation of a specific program, the Business Ready Communities Grant and Loan program.

Background

Created in 1998, WBC was a response to previously uncoordinated state development efforts. Some 25 programs from seven state agencies were folded into the new entity. It was designed with a corporation-like structure and given administrative flexibility intended to provide the necessary direction and coordination, develop and implement effective programs, and generate tangible economic results.

WBC experienced early difficulties in finding an operational niche, but its board and staff believe the agency's "growing pains" have now passed, and that it is working effectively to accomplish the mission of facilitating the growth of Wyoming's economy. The recent addition of the Business Ready Communities (BRC) Grant and Loan program to WBC has provided a more visible and prominent locus for WBC resources and efforts.

Sixty-four staff and a budget of \$85 million for FY '05 – '06 support a wide range of economic development activities, from administering grant and loan programs, to providing training and technical assistance to entrepreneurs, to developing prospective business leads. Nearly two-thirds of the Council's funding is pass-through funding designated by the Legislature for community development grant and loan programs, and for the Wyoming Business Technology Center.

Results in Brief

The Legislature created WBC as a "quasi-governmental" agency, exempting it from specific state administrative procedures. In most circumstances, WBC acts like a state agency and the benefit of its status is subtle, one of perception. The Council's quasi-governmental status may not be inherently necessary, and it is not clear to what extent this status has increased the state's return on investment in economic development.

Statutes require WBC to create a comprehensive economic development strategy for the state. Instead, the Council's strategic planning has been general and focused at the short-term task level. The elements of a statewide comprehensive economic strategy are in place, by virtue of the Council's focus on helping communities develop economic development building blocks. However, WBC still lacks basic business planning accountability.

When creating WBC, the Legislature built an accountability component by requiring annual reports on some 27 different benchmarks. Known as Senate File 35 benchmarks, these tend to be macro or aggregate measures of the state's economy, which no one agency can control. WBC does not link its reports on these measures to its own program goals and activities, so any connection between legislative performance measures and WBC actions must be inferred. Although WBC could develop alternative performance measures that more fully reflect its productivity, it has not done so.

Created in 2003, the BRC program has lofty goals for the \$45 million appropriated to cover three years, FY '04 – '06. WBC has quickly committed BRC funds and it is likely that all funding will be spoken for before fall of 2005. BRC project review criteria are ambiguous, and monitoring of projects consists primarily of a financial accounting. Almost all funds have been awarded as grants, rather than loans.

Principal Findings

WBC's statutory exemptions allow it greater flexibility in managing its personnel and administering programs and activities than most state agencies have. While largely adhering to state agency practices and policies, WBC has set most of its salaries above the statewide average, and administrative costs for a major program are higher than for a similar state agency program. We conclude that it is not possible to objectively determine whether WBC's quasi-governmental status is beneficial and necessary.

WBC's strategic plans to accomplish its mission consist of a set of tactics and actions in which WBC will engage year-by-year, rather than the macro strategy implied by the comprehensive planning requirement in statute. WBC should identify its comprehensive strategy and organize its efforts and performance measures within that overall plan. If the Council believes creating such a strategy is not realistic, then it should initiate a discussion with the Legislature about eliminating this statutory responsibility.

When reporting its performance on Senate File 35 benchmarks, WBC describes the activities it engages in rather than the results or outcomes of those activities. Measuring at the task level does not fulfill the expectation for real-world accountability and demonstrable results that the Legislature set in place in 1998. WBC needs to develop measures that reflect its current service and support orientation, quantify the impacts of its activities, and link those activities to agency and state goals.

The Business Ready Communities (BRC) program has become a central feature of WBC operations in the two years since its creation. However, the State Loan and Investment Board, which gives final approval to BRC awards, has raised questions about the low use of loans and the lack of recapture provisions in the program. Because appropriated funds will have been committed before the end of the appropriation period, WBC will not be able to give fair and equal consideration to equally high-value projects submitted at the end of this funding cycle. WBC should develop BRC project review, prioritization, and monitoring procedures to ensure transparency and fairness for applicants.

Agency Comments

WBC does not respond directly to all of the LSO report recommendations. Instead, it responds with its own recommendations in three of the four issue areas identified in the report. WBC proposes no change in its organizational status; requests legislation and possibly a constitutional amendment allowing the Council to take equity positions; requests two changes in statute to clarify the requirement for a comprehensive economic development strategy for the state; and proposes 3 benchmarks as alternatives to the 27 listed in Senate File 35 from 1998.

Copies of the full report are available from the Wyoming Legislative Service Office. If you would like to receive the full report, please fill out the enclosed response card or phone 307-777-7881. The report is also available on the Wyoming Legislature's website at legisweb.state.wy.us