

An Evaluation of EDA's University Center Program

Mt. Auburn Associates, Inc.

with

Brandon Roberts + Associates

and

Karl F. Seidman Consulting Services



December 2001



Economic Development Administration
U.S. Department of Commerce

**AN EVALUATION OF EDA'S UNIVERSITY
CENTER PROGRAM**

December 2001

MT. AUBURN ASSOCIATES, INC.

408 HIGHLAND AVENUE

SOMERVILLE, MA 02144

TEL: (617) 625-7770

FAX: (617) 623-5943

E-MAIL: PKWASS@MTAUBURNASSOCIATES.COM

This report was prepared by Mt. Auburn Associates under award #99-06-07452 from the Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the Economic Development Administration.

CONTENTS

Executive Summary	5
Chapter One: Introduction	11
<i>Overview of the University Center Program</i>	11
<i>Evaluation Objectives and Approach</i>	12
<i>Evaluation Methodology</i>	14
<i>Organization of the Report</i>	16
Chapter Two: Are Centers Effective in Meeting the Economic Development Needs of Localities and Regions?	17
<i>Level of Activity</i>	17
<i>Client Satisfaction</i>	17
<i>Outcomes of Direct Technical Assistance Activities</i>	18
<i>Evidence of Strategic Focus</i>	19
<i>Summary of Findings</i>	25
Chapter Three: Does the University Center Program Effectively Target Distressed Areas?	27
<i>Experience Targeting Distressed Communities</i>	27
<i>Factors Related to Effectiveness in Targeting Distressed Areas</i>	29
<i>Experience Serving Economic Development Districts and Other EDA Grantees</i>	30
<i>Summary of Findings</i>	31
Chapter Four: Are the Number and Distribution of Centers Appropriate Given Overall EDA Budget Constraints?	33
<i>Trends in Number and Funding Levels of Centers</i>	33
<i>Distribution of Centers Relative to Key Indicators of Demand</i>	35
<i>Center Assessments of Capacity to Meet Demand for Services</i>	35
<i>Service Overlaps</i>	38
<i>Summary of Findings</i>	39
Chapter Five: Does the Program Serve a Unique Role?	41
<i>Relationship to Other Local Development Assistance Programs</i>	41
<i>Relationship to Other Business Assistance Programs</i>	42
<i>Summary of Findings</i>	44
Chapter Six: Are University Centers Effective in Mobilizing University Resources?	47
<i>Use of University Resources</i>	47
<i>Factors Affecting Ability to Draw on Other University Resources</i>	50
<i>Center Impact on Level and Nature of Support for Economic Development by the Sponsoring Institutions</i>	57
<i>Summary of Findings</i>	58

Chapter Seven: Conclusions and Recommendations	59
<i>Are the Centers effective in meeting economic development needs?</i>	<i>59</i>
<i>Does the Program effectively target distressed areas?.....</i>	<i>65</i>
<i>Are the number and distribution of Centers appropriate given overall EDA budget constraints?.....</i>	<i>67</i>
<i>Does the Program serve a unique role, or is it duplicative of programs offered by other federal agencies?</i>	<i>70</i>
<i>Are Centers effectively bringing to bear resources within the university to address the economic development needs of surrounding communities and regions?</i>	<i>71</i>
Notes	73
Appendix A: Profile of the University Center Program	A-1
Appendix B: Client Survey Results.....	B-1
Appendix C: Case Studies.....	C-1
Appendix D: Data Collection Methodologies	D-1

ACKNOWLEDGMENTS

The authors wish to thank the Economic Development Administration for its assistance in conducting this evaluation. EDA regional office staff provided valuable insights about the University Centers and access to essential file data. The review and comments of EDA headquarters staff John Fieser, John McNamee, and Tony Meyer greatly benefited the report. The authors also wish to thank the University Centers for their cooperation, particularly those that were subjects of the case studies.

EXECUTIVE SUMMARY

The University Center Program

The Economic Development Administration's (EDA's) University Center Program provides annual funding to higher-education institutions throughout the United States for the support of local and regional economic development. There are currently 69 University Centers located in 45 states and the Commonwealth of Puerto Rico.

The primary purpose of the Program is to improve the economies and economic development capacity of Center service areas, with emphasis on economically distressed communities. A distinguishing characteristic of the Program is that it leverages staff, students, facilities, research capabilities, and other resources of partnering institutions.

Centers generally undertake three broad categories of activity: direct technical assistance to clients, applied research, and information dissemination. Technical assistance activities typically have one of two types of clients: economic development organizations or individual businesses.

Purpose of the Evaluation

This evaluation of the University Center Program sought to answer the following questions: (1) Are Centers effective in meeting economic development needs? (2) Does the Program effectively target distressed areas? (3) Are the number and distribution of Centers appropriate, given overall EDA budget constraints? (4) Does the Program serve a unique role, or is it duplicative of programs offered by other federal agencies? (5) Are Centers effectively bringing to bear resources within the university to address the economic development needs of surrounding communities and regions?

Based on the results of the evaluation, the evaluators developed a number of recommendations to EDA for strengthening the Program.

Conclusions and Recommendations

Are Centers effective in meeting economic development needs?

Overall, the Program is a valuable educational and technical assistance tool in support of local and regional economic development. Its role has primarily been one of long-term capacity building rather than directly and immediately producing quantifiable economic development outcomes. Thus, the Program indirectly supports EDA's objective of job creation and retention.

The services provided by University Centers receive high ratings from a large proportion of their clients. A large proportion of clients also report taking direct action as a result of Center services, an indication that Centers have been effective in achieving many of their anticipated outcomes. In most cases, services comparable to those offered by Centers were not readily available from other sources, an indication that outcomes may not have otherwise been achieved.

Available evidence suggests that technical assistance services to business clients are less effective than those to economic development organization clients. Business clients are somewhat less likely to express satisfaction with Center services and somewhat less likely to take follow-up action than economic development organization clients.

The effectiveness of Centers in meeting local economic development needs is closely related to their ability to understand local needs, leverage resources, and develop strategic partnerships. In this regard, their performance is uneven. There is substantial variation among Centers in the depth of analysis of local needs, the magnitude of resources mobilized (internal and external to the sponsoring institution), and the level of engagement and partnership with other local economic development actors.

The University Center Program lacks effective oversight and accountability mechanisms to encourage higher and more uniform performance levels. No standard application or reporting formats are adhered to by Centers. While EDA has instituted a survey tool to measure client satisfaction, no systematic follow-up is conducted to measure the longer-term economic impacts of Center assistance. Under these limitations, it is difficult for EDA regional staff to assess the impacts of Center assistance and to compare the performance of different Centers. In addition, EDA regional offices often lack adequate oversight staffing.

Recommendation 1: Establish more focused guidelines for Center activities.

While EDA should not rigidly prescribe Center activities or clients, it must clearly articulate those criteria against which Center activities will be judged and require Centers to demonstrate how they will meet such criteria. The following criteria should be emphasized: (1) assist broader economic development initiatives of localities and regions; (2) build capacity of regional and local economic development entities; (3) focus largely on distressed areas; (4) engage in partnerships with other economic development funders and technical assistance providers; and (5) effectively utilize the resources of the sponsoring institution.

Recommendation 2: Develop additional Program performance measures.

EDA, working in consultation with Center directors, should seek to develop Program performance measures that are both meaningful and administratively practical. Among the dimensions of Center performance that are important to measure are scale of activities, leveraging of resources—both internal and external to the sponsoring institution—proportion of activities benefiting distressed areas, and short-term and long-term outcomes.

Recommendation 3: Simplify and standardize annual reporting formats to facilitate performance evaluation.

EDA should revise its current guidelines for annual report preparation to simplify and standardize reporting requirements. These revisions should assist EDA regional staff to review Center performance, facilitate collection of program-wide performance data, and eliminate unnecessary paperwork for Centers. They should include development of a standard reporting format for Center activities.

Recommendation 4: Provide technical support to EDA regional office staff for University Center oversight.

Regional staff should be provided with the resources and opportunities for training and peer-to-peer exchanges to strengthen their oversight of Centers.

Recommendation 5: Support Centers to improve their performance by developing mechanisms for networking and information exchanges.

EDA should support capacity building among Centers by promoting peer-to-peer networking and information exchanges. This could be done in cooperation with the National Association of Management and Technical Assistance Centers (NAMTAC), a trade association to which many University Centers belong.

Recommendation 6: Tie continued funding to past and prospective performance.

EDA should develop a rating system for evaluating recent Center activities and proposed work plans. Ratings should be used to determine the extent of Center adherence to program guidelines and performance standards in order to inform EDA decisions about funding renewals.

Does the Program effectively target distressed areas?

The extent to which Centers focus their efforts on economically distressed areas, while generally high, is uneven. Available evidence indicates that most Centers—60 to 70 percent—devote a substantial amount of effort to serving distressed areas. A number of factors were identified that both contribute to and hinder the effectiveness of University Centers in serving distressed areas.

Centers that define their primary mission as serving economic development organizations are more likely to target distressed areas and spend a higher percentage of staff time serving distressed areas than Centers that define their primary mission as serving businesses. Among Centers serving economic development organizations, Centers that focus on working at the local community and neighborhood levels appear to more strongly target distressed areas than Centers focused at the regional level.

The University Center Program has not established clear performance standards or accountability mechanisms for distressed-area targeting. Centers are not provided with a common definition of distress to apply to their targeting efforts. Only some are aware of and use EDA distress criteria. Neither do Centers maintain consistent records enabling EDA to assess the level of distressed-area targeting.

Recommendation 7: Require Centers to develop an explicit strategy for targeting distressed areas.

EDA should clearly and repeatedly communicate to Centers the expectation that a substantial part of a Center's activities should benefit distressed areas. Centers should be required to identify the most distressed parts of their service areas; assess the critical economic development needs, issues, and opportunities of those areas; and describe how their activities will support economic development in those areas.

Are the number and distribution of Centers appropriate, given overall EDA budget constraints?

The geographic distribution of Centers does not bear a clear relationship to demand for Center services. While funding is distributed about evenly among Centers, this does not take into account differences in either the size of population, territorial coverage, or the level of economic distress in the geographic areas served by each Center. This results in an unequal distribution of service burdens among Centers.

The Program budget is insufficient to support the number of Centers currently receiving funding. The level of Center services supported by EDA funding is very limited in relation to the scale of economic development activities occurring in Center service areas. Most Centers cannot meet the demand for their services or function effectively under their current budgets.

Recommendation 8: Increase the number of Centers to fill services gaps, subject to funding availability.

If EDA is able to obtain enough additional Program funding to maintain the current number of Centers at the recommended per-Center funding levels (see Recommendation 9), it should also seek funding to establish new or satellite Centers in unserved and underserved areas. This would include funding new Centers or extending the services of existing Centers to six states currently without Centers, and establishing 10 to 15 satellite Centers in states that are currently underserved. The annual cost of this effort would range from \$1.1 million to \$1.65 million.

Recommendation 9: Significantly increase the level of per-Center funding, either by reducing the total number of Centers or by increasing total Program funding.

Core funding for existing Centers should be increased to a minimum of approximately \$150,000 annually from a current average of about \$104,000. The additional cost to EDA of funding the existing number of Centers at the new level would be approximately \$3.2 million annually. If additional Program funding cannot be obtained and overall funding levels remain constant, EDA should reduce the total number of Centers to 48 by dropping funding to the less effective Centers. The funds thus made available could be distributed among the remaining Center to bring their EDA support up to the recommended \$150,000 level.

Recommendation 10: Provide merit funding to a select number of Centers, subject to funding availability.

As a means to encourage improved performance, EDA should award annual merit funding to a select number of Centers (5 to 10) that demonstrate a particularly high level of capacity, distressed-area focus, and resource leveraging. The amount could be in the range of \$50,000 per Center, for a total annual cost of \$250,000 to \$500,000.

Does the Program serve a unique role relative to other federal programs, or is it duplicative of programs offered by other federal agencies?

While the Program shares a focus on economic development in distressed communities with some programs of the U.S. Department of Housing and Urban Development, it is unique in

its support of broad-based economic development efforts aimed at strengthening local and regional economies. It is also alone in its role of capacity builder and service provider to local and regional economic development organizations.

In terms of business assistance, some of the business services provided by Centers are similar to services available under the Small Business Development Center and Manufacturing Extension Partnership programs. While the University Center Program's focus on distressed areas should create a distinction, evidence suggests that many of the University Centers providing business assistance have not explicitly targeted their services to distressed areas.

Recommendation 11: Require inclusion of a specific plan for leveraging external resources in Center work plans.

EDA should encourage partnerships between Centers and other service providers within the context of the mission, service focus, and internal resources of each individual Center. Centers should identify other organizations that provide potentially complementary or overlapping services and take steps to maximize coordination and minimize duplication with these organizations.

Are Centers effectively bringing to bear resources within the university to address the economic development needs of surrounding communities and regions?

Centers have had variable success in tapping other university resources, both human and technical, to support their economic development efforts. Overall, the extent to which Centers have leveraged other university resources is disappointing relative to the wealth of resources available.

A number of institutional factors, including established policies, the attitudes of senior decision makers, and bureaucratic arrangements, affect the ability of Centers to tap internal university resources. Centers have paid insufficient attention to addressing institutional impediments to their effectiveness. This is particularly problematic given the need to leverage limited Center resources in order to expand the scale and impact of their activities.

Recommendation 12: Require inclusion of a specific plan for leveraging sponsoring institution resources in Center work plans.

EDA should encourage a more uniform level of effort among Centers to leverage the financial, human, and technical resources of their sponsoring institutions. Centers should be expected to identify the relevant resources within their institutions and develop an explicit plan to mobilize those resources in support of University Center activities. Significant commitments of university resources should be considered integral to continued EDA funding of a Center.

CHAPTER ONE: INTRODUCTION

Overview of the University Center Program

The Economic Development Administration's (EDA's) University Center Program provides annual funding to higher-education institutions throughout the United States for the support of local and regional economic development. There are currently 69 University Centers located in 45 states and the Commonwealth of Puerto Rico. Centers serve areas ranging in size from single metropolitan areas to entire states.

The primary purpose of the University Center Program is to partner with institutions of higher education to improve the economies and economic development capacity of their service areas, with emphasis on economically distressed communities. Centers typically have one of two types of clients—economic development organizations or individual businesses. Sixty-two percent of Centers focus primarily on assistance to economic development organizations, while 38 percent focus primarily on assistance to businesses.

A distinguishing characteristic of the Program is that it leverages staff, students, facilities, research capabilities, and other resources of partnering institutions of higher education. In order to receive EDA funding, Centers are expected to demonstrate “the commitment of the highest management levels of the sponsoring institution,” and to undertake “activities consistent with the expertise of the proposed staff, the academic programs, and other resources available within the sponsoring institution.”

EDA began funding University Centers in 1966. As a whole, the University Center Program's total investment grew incrementally from the mid-1970s to the early 1990s. Since 1992, however, total funding for the Program has only increased marginally. In real-dollar terms, per-Center investment has steadily declined, from an average of \$254,000 per Center during the 1970s to an average of \$104,000 per Center in 2000.

EDA's investment in each University Center requires a local match. The match often comes from a cash contribution or in-kind contribution of faculty or student time from the sponsoring institution. The match requirement is normally 50 percent. However, in certain instances involving high levels of economic distress in the areas to be served and/or limited resources available to the sponsoring institutions, the match requirement can be reduced to 25 percent. In FY 1999, the average contribution from the host institution, including cash and in-kind support, was \$71,938, a match of 71 percent.

Some Centers also receive funding and in-kind support in addition to EDA funding and the match of the sponsoring institution. In FY 1998, 14 Centers reported cash contributions and 22 reported in-kind support from the sponsoring institution additional to the EDA match. Outside of the sponsoring institution, eight Centers received governmental funding other than EDA's and ten received nongovernmental funding. Thirty Centers received no support beyond that of the sponsoring institution and EDA.

In general, University Centers undertake three broad categories of activity:

1. The majority assists communities or businesses through *technical assistance*. Technical assistance projects are undertaken in response to direct requests by client organizations or businesses. Technical assistance to local governments and economic development organizations includes help with economic development planning, program and project development, and organizational capacity building. Technical assistance to businesses includes business planning and help with product and market development.
2. Another form of assistance is *applied research*. This type of assistance is initiated by the University Center to address or study an economic issue in the community. It does not have a particular client.
3. The third form of assistance is the *dissemination of information*. University Centers disseminate information to a variety of constituencies to inform them on economic development issues, local economic trends and demographics, and University Center activities. Information dissemination involves “off-the-shelf” information (e.g., studies, publications, data) distributed to a wide audience or in response to a specific request by a business or organization.

The typical University Center is located at a single campus of a state university. While some Centers are stand-alone independent entities within the sponsoring institution, most are sited either within a larger “parent” center with an economic development or broader community outreach focus, or in a larger school or academic department. Most of the Centers have a small core professional staff, but also draw on faculty, students, and technical resources of the sponsoring institution to conduct their activities.

Evaluation Objectives and Approach

This evaluation of the University Center Program is intended to answer the following questions:

1. Are the Centers effective in meeting economic development needs?
2. Does the Program effectively target distressed areas?
3. Are the number and distribution of Centers appropriate, given overall EDA budget constraints?
4. Does the Program serve a unique role, or is it duplicative of programs offered by other federal agencies such as Trade Adjustment Assistance Centers and Small and Minority Business Development Centers?
5. Are Centers effectively bringing to bear resources within the university to address the economic development needs of surrounding communities and regions?

The evaluation of the University Center Program presents unusual challenges in relation to other economic development programs for two primary reasons. First, no two Centers are alike. Beyond mandating support for economic development and a focus on direct technical assistance, the Program allows great flexibility in the types of services offered and the manner in which these services are delivered. Individual Centers take advantage of this flexibility to offer a wide array of services that includes direct technical assistance to individual businesses, planning assistance to economic development organizations, leadership development training, data

provision, and grantmaking. These variations, along with the different ways in which Centers report their activities to EDA, make the task of classifying and measuring their activities extremely difficult.

Second, the economic impacts of Center activities are largely indirect because their activities are generally *capacity building* in nature—that is, they provide their clients and other beneficiaries with the tools needed to achieve economic development outcomes. Thus, it is not the Centers themselves, but the users of their services that generate concrete economic impacts, such as businesses started and expanded or new jobs created. The connection between Center activities and economic impacts is further diluted by two factors: (1) the sometimes considerable time lag between planning and implementation and (2) the often limited role of Centers in larger economic development efforts. These factors make it difficult to attribute particular outcomes solely or even primarily to the work of a particular Center. For these reasons, along with the logistical challenges of collecting data of this nature, any attempt to measure concrete economic impacts would be impractical as well as methodologically unsound.

With these limitations in mind, we have sought to develop a set of performance measures that apply to all Centers regardless of the types of services they provide, and that reflect the capacity building nature of their activities.

1. What have been the Program “outputs”?
 - Types of services.
 - Volume of activities.
 - Quality of services.
 - Coverage of services.
2. Have Centers achieved their anticipated short-term “outcomes”?
 - Client actions that have led to change.
 - Importance of Center services to achieving outcomes.
3. Have Centers strategically focused their services to best achieve EDA’s programmatic goals?
 - Are Centers designing services based upon a strategic understanding of the economic development needs of their service areas?
 - Are Centers serving a unique role in their service areas?
 - Are Centers targeting their efforts to distressed areas?
 - Have Centers designed their activities in a way that leverages their limited internal resources?
 - Have Centers developed feedback mechanisms to assess the value of their activities and adjust services accordingly?
4. Has locating Centers within colleges and universities effectively leveraged resources to address local economic development needs?

In addition to measuring Program performance, the evaluation has three other purposes. First, it provides for the first time a comprehensive profile of Center activities by cataloguing the full scope and scale of services provided in a given year. This will give EDA, Congress, and Centers themselves a much better understanding of what the Program as a whole is doing. Second, it identifies some of the key factors that contribute to and detract from the ability of Centers to fulfill the Program's objectives. It is hoped that these observations will assist EDA regional staff, Center staff, and administrators of sponsoring institutions to improve the performance of individual Centers. Third, it provides specific recommendations to EDA for strengthening and enhancing the Program as a whole.

Evaluation Methodology

Data for the evaluation were obtained from the following sources:

Interviews with EDA national and regional staff. At the outset of the project, the evaluators interviewed staff in the Research and National Technical Assistance Division and the Planning and Development Assistance Division at EDA headquarters, and staff in each of the six EDA regional offices. The purpose of these interviews was to gain an understanding of how the Program has functioned historically and to identify key evaluation issues, both substantive and methodological.

Compilation of a database on University Center characteristics and activities. During their regional office visits, the evaluators collected documents from each University Center file. These included grant documents and annual applications from fiscal years (FYs) 1998 and 1999, and annual reports from FY 1998. The evaluators then extracted data from these documents and entered them into two databases, a Center database and a Center project database. The Center database included various data related to Center focus, structure, and operations. The Center project database included data on every project and program undertaken by each Center during FY 1998. Project data were obtained from Center FY 1998 Annual Reports. In the few cases where 1998 reports were not available, 1997 reports were used. The evaluators characterized each project/program by type of activity, type of client, policy focus, and geographic area focus. In addition, the evaluators identified those projects that, based on the descriptions in the annual reports, had a distressed-area focus or involved partnerships with other service providers. Finally, the evaluators prepared a brief description of each project.

Interviews with Center directors. Telephone interviews were conducted with the directors of all 69 Centers. These interviews, typically of one to one-and-a-half hours in duration, obtained a variety of descriptive information about how the Centers participated in economic development activities and how they engaged the resources of their sponsoring institutions. Also obtained were their assessments of how the University Center Program was functioning and what improvements might be helpful.

Center client survey. A telephone survey was conducted of a sample of 1,078 businesses and economic development organizations that received technical assistance from Centers during FYs 1995–1998. Clients who received substantive one-on-one technical assistance (excluding such limited services as simple data searches or referrals to other assistance sources) were included in the survey. The purpose of the survey was to obtain client assessments of the effectiveness of the assistance provided. Sixty-eight of the 69 Centers were judged to provide

qualifying forms of assistance under the above definition. Clients from 65 of these Centers were included in the client sample.¹ A list of 3,521 clients was compiled, from which a systematic random sample of 1,078 was drawn (every third name from the lists).² From this sample, a total of 404 surveys was completed, constituting a response rate of 37.5 percent. (See Appendix B for a more detailed description of the survey methodology and response rate.)

Site visits. Site visits were conducted at 12 Centers selected to represent a cross-section of Centers according to key institutional, service area, and activity characteristics. The site visits were conducted to obtain a more in-depth understanding of how Centers participate in the economic development process and interact with their sponsoring institutions, and what factors contribute to or detract from their effectiveness.

While the evaluators made every effort to gather accurate and complete data, the ability to measure the performance of the Program is limited by the availability and quality of important performance data. The following data limitations are noted:

Classification issues. The diverse character of the Centers and their activities makes it difficult to categorize their activities. Even with respect to the three basic activity types specified by EDA—technical assistance, applied research, and information dissemination—our review of Center annual reports revealed no commonly shared definition of these activities. This led to different classification decisions by different Centers. Moreover, some Centers did not always clearly classify their activities within these three categories. This required us to develop our own classification system (described in Chapter Two) and to use judgments and interpretations in categorizing activities.

Data inconsistencies. The lack of standardized reporting requirements means that Centers report their activities in different ways. For example, Centers that are part of larger entities do not consistently distinguish between EDA-funded activities and other activities. This can create distortions when aggregating the activity of these Centers with those that do make such distinctions or those that operate independently. As another example, some Centers provide more complete and detailed individual project listings than others. And some Centers that operate programs serving multiple clients specify the numbers of clients served while others do not.

Missing data. Some data that would be useful for evaluation purposes were simply not collected by the Centers. For example, most Centers did not collect data on which of their technical assistance activities served distressed areas. Nor was it possible for the evaluators, with the information available, to independently determine which activities served distressed areas. Most Centers had no hard data available on the level of faculty and student involvement in Center activities. In such cases, we asked Center directors to give us their best estimates. Another problem was that some Centers had a difficult time reconstructing client lists, and some were unable to provide complete lists for the time period requested.

Measurement issues. Unlike many other economic development programs, there are no uniform output or outcome measures for activities conducted under the University Center Program. There are no common output measures such as dollars loaned or invested and no common outcomes such as number of businesses assisted or number of jobs created or jobs created/retained. As a result, it is not possible to characterize overall Program activity levels or compare different types of activities.³

Organization of the Report

- *Chapter Two* examines the effectiveness of Centers in meeting economic development needs through examining their activities, the short-term outcomes of their technical assistance services, and evidence of strategic focus.
- *Chapter Three* addresses the question of the effectiveness of the Centers in targeting distressed areas.
- *Chapter Four* assesses whether the number and distribution of Centers is appropriate by examining the adequacy of resources relative to demand and the ability of Centers to serve their service areas.
- *Chapter Five* looks at the potential overlap between the University Center program and other federal programs that address local economic development needs and business assistance needs.
- *Chapter Six* analyzes the effectiveness of the University Center Program in leveraging the resources of sponsoring institutions.
- *Chapter Seven* provides summary conclusions about the Program's performance and offers recommendations for enhancing and strengthening the Program.
- *Appendix A* provides a more complete overview of the characteristics of the Program.
- *Appendix B* contains tables that summarize the results of the Center client survey.
- *Appendix C* contains the case studies of the 12 Centers selected for site visits.
- *Appendix D* describes the methodology for compiling the University Center database and University Center project database, and for conducting the client survey.

CHAPTER TWO:

ARE CENTERS EFFECTIVE IN MEETING THE ECONOMIC DEVELOPMENT NEEDS OF LOCALITIES AND REGIONS?

In this section we examine three dimensions of University Center performance:

1. the “outputs” of the Program—the quantity of projects and programs implemented and the quality of technical assistance services;
2. short-term “outcomes” of technical assistance activities—the extent to which clients achieved anticipated results as a result of Center services; and
3. evidence of “strategic focus”—the degree to which Centers seek to understand the economic development environment and design their services accordingly.

Some of the measures in this section (client satisfaction and short-term outcomes) only apply to the technical assistance activities of the Centers and are based on a survey of individual clients. Because applied research and information dissemination activities do not have distinct clients or easily identifiable users, and because their relationship to action is much more difficult to isolate, we have not sought to analyze the outcomes of these activities. Evidence of strategic focus is analyzed based on Center Director interviews and Center case studies.

Level of Activity

The best information on program outputs is data collected from Center annual reports on the annual number of Center projects and programs. These data are limited because they do not measure the level of effort or the product of each activity, but they do provide some indication of the scale of activity undertaken.

Centers reported undertaking a total of 684 projects and programs in FY 1998, for an average of ten per Center. These included 456 technical assistance projects and programs, 67 applied research projects, and 174 information dissemination projects.⁴ The average cost to EDA per project/program was \$10,150. The number of projects and programs varied substantially by Center.

Client Satisfaction

The services provided by the Centers receive high ratings from a large proportion of direct technical assistance clients. Most Center clients who were surveyed for this evaluation considered the Centers’ services to be responsive to their needs, and were satisfied with both the quality and timeliness of the work products. Overall, 76 percent of Center clients reported that the Center was very responsive to their needs, 77 percent were very satisfied with the timeliness of Center work, and 76 percent were very satisfied with the quality of the work. Economic development clients reported a slightly greater level of satisfaction than did business clients in each of these measures. For example, 82 percent of the economic development clients reported

Centers to be very responsive to their needs as compared to 71 percent of business clients. (See Appendix B for detailed results of the client survey.)

Another indication of client satisfaction is the extent of repeat services and willingness to use services again in the future. A substantial number of Center clients received some type of service on an ongoing basis during FY 1995–99 or received separate and distinct services more than once. In terms of likelihood of using Center services in the future, 66 percent of clients indicated they would use the Centers’ services again, while 27 percent said they probably would, but would also look elsewhere. Again, economic development organization clients expressed a somewhat higher level of satisfaction with Center services than business clients, with 79 percent noting that they would definitely use the Center again compared to 55 percent of business clients.

Outcomes of Direct Technical Assistance Activities

For the activities undertaken by Centers, an important indicator of performance is the short-term outcome of those activities. As noted earlier, the economic impacts of Center activities are largely indirect. This is because their activities are generally *capacity building* in nature—that is, they provide their clients and other beneficiaries with the tools needed to achieve economic development outcomes. Consequently, in order to measure outcomes, we must look at how clients and other beneficiaries used the Centers’ activities and what resulted from these efforts.

Our examination of the outcomes of Center activities is based on the responses to the client survey. Survey respondents, all of whom obtained substantive individualized technical assistance from Centers, were asked to characterize the outcomes of the assistance along two dimensions: (1) the actions they took as a result of the services provided and (2) the magnitude of the outcomes occurring as a result of the actions taken.

Actions Taken in Response to Services

Most clients (74 percent) reported taking concrete actions as a result of University Center assistance, and most reported these actions as being either major or moderate in scale (91 percent).⁵ Among those who did not take action as a result of the assistance, three-quarters noted that the lack of action was not due to problems with the Center’s assistance.

Among clients who took action in follow-up to Center assistance, a majority (59 percent) reported achieving all or most of the expected results. A very small number of clients (approximately 2 percent) said that they did not achieve any of their expected results.

In general, economic development organizations were more positive than business clients about the actions taken as a result of Center assistance. A larger proportion of the economic development organizations reported taking follow-up action (87 percent versus 64 percent), and a larger proportion of those who took follow-up action reported achieving all or most of the expected results (69 percent versus 49 percent).

Center Role in Achievement of Outcomes

Many Center clients suggest that without the University Center Program they would not have been able to access the services needed to achieve desired outcomes. Client survey respondents were asked to indicate what factor most contributed to their decision to obtain services from a University Center. The answers suggest that, in most cases, Center services are not duplicative of other service providers. In other words, if the services that were provided by the Center were unavailable, the outcomes may not have been achieved. These data should be interpreted cautiously, however, since the difference in responses was not statistically significant.

Responses to the client survey indicate that a substantial proportion of Center clients do not have easy access to any comparable services. Almost 40 percent of respondents either indicated that no comparable services were available or that none were easily accessible. This is particularly likely in the case of clients in rural areas.

Quality was another important distinction in the services available from Centers, as viewed by clients. The most frequent single reason cited by respondents for using the Centers was the high quality of the services provided. Almost one-third of all respondents considered the quality of services the most important reason for using the Centers. This indicates that, while other options are available for many clients, they are not considered to be of comparable quality.

At the same time, over one-quarter of Center clients stated that lower price was the decisive factor in their decision to use Center services. This indicates that similar services were available to these clients but at a higher cost than those provided by the Center. While affordability can be a factor in the ability of an economic development organization or business to obtain the assistance needed to achieve a desired outcome, its importance is less clear-cut. In some cases, a client may seek assistance from a Center simply because its services are relatively inexpensive, not because other assistance sources are unaffordable. Even if cost is truly an inhibiting factor in some cases, the availability of other service providers for over one-quarter of Center clients suggests that some displacement of other service providers is occurring.

Economic development organization and business clients differed somewhat in the relative importance of factors influencing their use of Centers. In particular, lower price was a more important consideration for businesses while greater accessibility was a more important consideration for economic development organizations. Among business respondents to the survey, the three most frequent reasons for approaching the Center, in order of importance, were lower price, higher quality, and the absence of any other organizations providing comparable assistance. Among economic development organization respondents, the three most frequent reasons were higher quality, accessibility of assistance, and lower price. The fact that more than twice as many business as economic development organization clients cited lower price as the most important factor suggests that Centers serving business clients are more likely to substitute for other existing service providers.

Evidence of Strategic Focus

The above data on the outputs and outcomes of Center activities, while useful, provide a limited picture of the role of Centers in local and regional economic development. In this section,

we seek to provide a fuller and more textured depiction of their role by examining the process by which they undertake their activities. Because the structure and activities of Centers are so diverse, there is no single appropriate model of Center design. Nonetheless, in light of the mission, focus, structure, and resources of the University Center Program, certain crosscutting “process” measures can be applied. We describe these measures as assessing evidence of strategic focus. They include the degree to which Centers have

1. taken into account the economic development needs of their service areas in designing their services;
2. designed their activities in a way that mobilizes other community resources; and
3. developed feedback mechanisms to assess the value of their activities and adjust services accordingly.

To provide definitive answers to these questions would involve an in-depth analysis of each Center, a task beyond the scope of this evaluation. However, it is possible to draw useful inferences from information provided by Centers on what they view as their mission, how they assess local needs and develop services, how they characterize their role in the economic development process, how they interact with other service providers, and how they obtain client feedback.

Analysis of Service Area Needs

The ability to be strategic in designing their services requires Centers to have a solid grounding in the local economic development environment. This involves some understanding of the economic base of the service area—the industries that are important sources of employment, or are contributing significantly to economic growth or decline. It involves understanding the resources such as infrastructure, workforce, and financial capital, which are influencing development. And, it involves understanding the roles and capacities of other economic development organizations. These factors change over time, so it also involves keeping up with changing trends. The degree to which Centers undertake such intelligence gathering and develop and adjust their services accordingly is an indicator of the appropriateness and effectiveness of their services.

Discussions with Center directors indicate that only a handful engage in formal strategic planning processes that both assess the economic environment and thoroughly consider various service options. Only two Center directors described undertaking formal strategic planning processes. A somewhat larger number—about one in ten—have conducted client-focused planning, i.e., formal needs assessments among previously determined client groups. An example of this is conducting a needs analysis among manufacturing businesses. These types of analyses already assume a certain type of service or target market.

Aside from formal planning, Centers use a variety of forms of intelligence gathering to guide their service decisions. These include, in rough order of importance,

1. informal consultations with economic development professionals, clients, and others;
2. review and analysis of economic, demographic, and industry data;
3. field observation, i.e., knowledge developed through prior work;

4. review of other plans or studies; and
5. consultation with advisory committees.

At the same time, a relatively large number of Centers indicate conducting little or no strategic analysis of the local environment. About 20 percent indicate that they primarily respond to individual service requests, some noting the further limitation of the interest and capabilities of the Center and the sponsoring institution. Another 20 percent indicate that they rely almost wholly on informal consultations and observations. While the absence of systematic analysis does not in itself mean that a Center's services are poorly targeted, it does reduce the likelihood that they will be strategically focused.

Another useful indicator of strategic focus is the way in which Centers characterize the key economic development needs of their service areas. The responses of Center directors to our query about the major economic development needs in their areas reflect different levels of analysis. A small number of Center directors—less than one in ten—addressed the question solely in terms of economic development *capacity* issues, i.e., the lack of certain types of economic development institutions or programs, without referring to any underlying economic issues.

Among those who addressed underlying economic issues, the depth of analysis varied. Among the responses indicating greater depth of analysis, almost half identified multiple issues rather than a single issue, about one in four discussed economic base issues—the need to address the decline or encourage the development of key economic drivers within their service areas, and one-third discussed the need to address inter- or intraregional disparities. Among the responses indicating more limited analysis, over half identified a single economic development issue, about two in ten focused on a single resource issue, most notably the need for business resources such as capital, technology transfer, or management assistance, without any discussion of economic base or broader resource issues, and a smaller number focused on the need for more or better-quality jobs, without discussing the factors needed to produce them. While it would be wrong to read too much into these somewhat informal responses to an important question, they do support the findings above that the strategic analysis conducted by some Centers is limited.

Only about half of the Centers (35 out of 69) used advisory committees—a potential mechanism for gaining useful input about economic development needs and resources. Of those Centers with advisory committees, about 75 percent had members from economic development organizations, 70 percent had members from the business community, 60 percent had members from government, and about 70 percent had members from the sponsoring institution.

Analyzing Service Area Needs: Case Study Examples

An example of a University Center that engaged in a comprehensive strategic planning process, in this case undertaken by the sponsoring institution, is the **University of Wisconsin-Milwaukee (UWM) Center for Economic Development (CED)**. Under its Milwaukee Idea initiative, UWM undertook an extended participatory planning process with faculty, staff, and community representatives to define what the university should do in the community. This effort resulted in the establishment of the Consortium of Economic Opportunity, which will expand and reorganize the university's economic development efforts. The Consortium, overseen by the director of the Center for Economic Development, combines the CED and the Small Business Development Center into a collaborative to support economic development.

The University Center at Eastern Oregon State University determined its service focus based on a strategic plan prepared for one of the counties in its service area. The strategic plan identified the need for telecommunications infrastructure development as a means to promote the region's transition from declining resource-based industries to more knowledge-based and technology-oriented industries. The Center has both assisted communities to develop telecommunications infrastructure and supported efforts to influence state telecommunications policy.

The Center for Economic Development, Entrepreneurship and Technology at Eastern Kentucky University provides an example of a Center that used other studies and plans, informal consultation, and field observation to determine its service focus. The Center reviewed the plans and activities of the Economic Development Districts and nonprofit development organizations in its service area in an effort to develop a service focus that complemented rather than overlapped with other services. It decided to focus on intensively supporting a small number of large-scale projects needing technical capacities not available from other service providers.

Weber State University's Technology Assistance Center (TAC) provides an example of a more client-focused needs analysis. The TAC was already providing assistance to manufacturing firms in the Salt Lake City region, but found it did not have the resources to serve firms in the poorer and more isolated counties of southern Utah. The establishment of the University Center enabled it to extend its services to firms in that region.

Mobilizing Local Resources and Capacity

Because of their limited resources, Centers must find ways to leverage their activities to achieve a scale that has a discernible impact on economic development in their service areas. Their ability to expand the scope of their activities has two dimensions. The first, and perhaps more important, dimension involves building economic development capacity. The more their activities contribute to knowledge and skills in the economic development community, the more impact Centers are likely to have. This may involve using direct technical assistance services as vehicles for training and organizational development, or as catalysts for the implementation of longer-term economic development strategies. It may also involve combining technical assistance, applied research, and information dissemination activities in ways that contribute to knowledge of best practices and the development of sound public policies. This second dimension of mobilizing resources involves developing partnerships with other economic development actors in ways that extend scale and increase coordination and synergy.

Building Local Economic Development Capacity

Because Centers operate on a relatively small scale, their direct impacts on overall economic conditions in their service areas are necessarily limited. It is the degree to which they can mobilize other resources by building capacity, drawing in other actors both inside and outside the university, and developing innovative, replicable economic development models, that determines whether their efforts will achieve a discernible effect. In this regard, Centers are

divided between those that define their role as building capacity and leveraging other resources, and those that define their role primarily as direct-service providers.

The way in which Centers characterize their contribution to economic development in their service areas, while not a precise indicator of their service strategy, does provide some evidence of where they fall along the divide between a capacity-building and direct-service focus. A little more than half of the directors described some type of effort to expand their scope beyond direct services. This was typically characterized as capacity building through such means as training, information provision, and organizational development assistance. Smaller numbers described their roles as (1) facilitators or catalysts, bringing together economic development actors or actively linking the economic development and university communities or (2) innovators—piloting new program models or demonstrating best practices.

In contrast, a little less than half of the directors described their role primarily in terms of direct service provision. Centers with a primarily business clientele were much more likely to describe their role in these terms than those with a clientele principally of economic development organizations.

Partnerships with Other Economic Development Organizations

Centers have to be able to leverage external resources through partnerships with other economic development funders to achieve scale. Centers that make a priority of collaborating with other economic development organizations, sharing resources (and credit), and referring clients to a broad range of service providers, substantially enhance their impact. In addition, the more Centers work with other economic development organizations, the more relevant their services are likely to be to local needs.

Almost 90 percent of the Centers indicated that they have partnered with other organizations in carrying out at least some of their activities. A significant number of Centers have partnered with other EDA grantees—almost 40 percent of those that have partnered with other organizations have partnered with Economic Development Districts and other identifiable EDA grantees. This number might be a low estimate since some of the Centers were unsure whether or not partners had received EDA funding.

As would be expected, the proportion of individual projects and programs involving partnerships was lower. About one in six projects and programs described in Center annual reports included identified partners. The actual proportion is likely to be higher because some project and program descriptions may have omitted mention of partner organizations. Most of these partnerships involved public or nonprofit economic development organizations, while a smaller number involved other academic institutions. A very small number involved private for-profit organizations.

Mobilizing Resources: Case Study Examples

The Regional Leaders Program operated by the *Center for Regional and Community Development at Arkansas State University* is a good example of capacity building through leadership development. The program's curriculum focuses directly on such issues as problem solving and access to resources, but also on the broader goal of breaking down barriers of parochialism by bringing together a cohort of local leaders from throughout the Arkansas Delta. A lasting, regional network is developed, and leaders can draw on and learn from each other over time. The program has an alumni association that extends the network to all 350 people who have completed the program since its inception.

The *University of Colorado at Boulder's Business Assistance Center* has combined its direct technical assistance with applied research and information dissemination to promote the long-term development of key technology industries within the state. In addition to one-on-one technical assistance to technology companies, the Center has provided ongoing assistance to two state industry associations, has produced a number of resource directories, and publishes a bimonthly newsletter for the technology community. It has conducted industry research intended to increase understanding of economic issues and needs of the technology industry among state and local governments, higher education, and industry, and to build relationships among these groups.

The Rural Development Center at the University of Maryland Eastern Shore demonstrates how grantmaking for economic development projects can promote local networking but, at the same time, is limited in its ability to support broad-based capacity building. In addition to grantmaking, the Center has helped clients access other financial and technical resources. It has helped bring various groups together, in some cases helping to start nonprofits, and has provided them with organizational development assistance. At the same time, the Center has not been able to address the lack of regional development capacity that has resulted in small-scale, fragmented efforts by the small, rural communities in its service area.

Weber State University's Technology Assistance Center is an example of a Center that has leveraged its direct technical assistance activities through partnerships with several organizations. To publicize its services and to identify manufacturers in need of assistance, TAC staff work with the Economic Development Corporation of Utah, the Weber Economic Development Corporation, several county-level economic development organizations, and local chambers of commerce. It uses the resources of some of these same organizations, as well as the Utah Manufacturing Extension Program and the state's Custom Fit program, to deliver technical assistance to manufacturers. The TAC also works very closely with the university's SBDC office in making and receiving referrals.

The Pacific Business Center at the University of Hawaii offers well-regarded business assistance, but has not significantly leveraged its activities through either partnerships or organizational capacity building. While it engages in information exchange with many organizations, it has not developed substantive partnerships with other service providers, nor focused on developing organizational capacity among business assistance providers in the state of Hawaii or in the American Affiliated Pacific Islands it serves. Thus, the scale of its activities remains relatively small.

Use of Feedback Mechanisms

Because Center activities typically do not generate immediate economic impacts, it is usually impossible to assess their full impacts at their conclusion. Most Centers obtain some form of client feedback about the value and use of their assistance immediately or shortly after completing the assistance. All have used or are planning to use the standard client satisfaction survey required by EDA, and many obtain more in-depth feedback through discussions with clients. However, most Centers have not conducted systematic follow-up to determine the longer-term impacts of their activities. Fewer than one in ten Center directors reported conducting formal information collection from past clients to obtain impact data. More than four in ten did report conducting some form of informal information collection, but this tended to be

“opportunistic” rather than systematic. It included monitoring impacts with ongoing clients, informal contacts with knowledgeable community sources, and contacts with past clients at meetings or through occasional telephone conversations.

Summary of Findings

The services provided by University Centers receive high ratings for quality, timeliness, and overall responsiveness from a large proportion of their clients. The large proportion of clients who indicated that they took direct actions as a result of Center services is an indication that Centers have been effective in achieving many of their anticipated outcomes. Evidence from the client survey suggests that, in most cases, services comparable to those offered by Centers were not readily available to clients from other sources—an indication that outcomes may not have been achieved had Center services not been available. Economic development organizations were more likely than businesses to express satisfaction with Center assistance, take action as a result of the assistance, and achieve anticipated outcomes, and were less likely to have alternative sources of assistance.

While Centers have been relatively successful in terms of their outputs and outcomes, not all have developed a clear strategic framework to guide their activities. Few Centers have undertaken formal assessments of their economic development environment, and most have used informal means to understand the needs of their service areas. A considerable minority primarily react to short-term demands in determining their service focus. While most Centers seek to broaden the impact of their efforts through partnerships with other service providers and organizational capacity-building efforts, a considerable minority of Centers are narrowly focused on direct-service provision. Evidence from the case studies indicates that Centers that are able to build local capacity and make a priority of collaborating with other economic development organizations are able to substantially enhance their impact.

CHAPTER THREE:

DOES THE UNIVERSITY CENTER PROGRAM EFFECTIVELY TARGET DISTRESSED AREAS?

The effectiveness of University Centers in serving distressed areas is a critical objective of the University Center Program. This reflects EDA’s overall mission “to generate new jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States.”

While this is an important evaluation issue, it is also a difficult one to address. University Centers are not required by EDA to maintain records about the number of their projects or the portion of their time devoted to serving distressed areas. Centers do not report the location of all their clients in their annual reports. Even if the location of all clients could be ascertained retroactively (an extensive task), serious measurement problems would remain. Most important is the problem of applying a distress level to the geographic area served by a University Center project. While EDA measures distress at the county level, many University Center projects are focused at the municipal or submunicipal level. Thus, it is possible that a project serves a distressed part of a nondistressed county or, conversely, a nondistressed part of a distressed county. Data would have to be collected for each of these areas, and such data are not always readily available, if at all. Other projects serve multicounty areas, requiring a determination of how much project activity is directed at distressed areas.

Without the ability to precisely quantify distressed-area focus, we sought to develop measures that relied primarily on self-reporting by Center directors. While self-reporting raises issues of accuracy, particularly the danger of overestimation, we sought to mitigate this problem by approaching the question from a number of different angles. This included the following:

1. whether Centers target distressed areas, as reported by Center directors;
2. the extent to which distressed-area focus is included in the mission of Centers, as articulated by Center directors;
3. the extent to which it is reflected in project selection criteria;
4. the extent to which it is evidenced in estimates of staff time commitments; and
5. the extent to which it is evidenced in service to other EDA grantees.

Experience Targeting Distressed Communities

As a whole, the data indicate that 60 to 70 percent of Centers make serious efforts to target their activities to distressed areas. When asked whether they targeted their services to distressed areas, 57 percent of Center directors answered in the affirmative. Another 12 percent stated that they did not have to target because their entire service area was distressed. (This latter response is a weaker indicator of explicit targeting since most Center service areas have a mix of

distressed and nondistressed parts).⁶ In addition, 70 percent of Center directors estimated devoting at least half of Center staff time to work in distressed areas in FY 1998. Among all Centers, the average estimated staff time devoted to work in distressed areas was almost 70 percent.

When asked to describe whether and how they undertake distressed-area targeting, almost six in ten Center directors described criteria and processes for distressed-area targeting. The methods used to target distressed areas vary greatly, but generally do not involve applying strict targeting criteria based on regional socioeconomic data. Methods employed to target distressed areas include the following:

1. *Marketing and referrals.* This includes marketing targeted to business and economic development organizations in distressed areas, working through and/or marketing to organizations that work with distressed communities, and responding to referrals from organizations such as Economic Development Districts.
2. *Use of distress criteria in project selection.* This includes using EDA distress criteria, using distress criteria of state government, or targeting areas that have experienced severe job losses, such as plant or base closures. Most Centers do not appear to rigidly limit their activities to distressed areas, but many give priority to distressed areas in their project selection criteria.
3. *Partnering with organizations serving distressed areas.* This involves working in partnership with organizations that are already serving distressed areas, including community-based organizations.
4. *Program design.* This involves designing Center services specifically to address needs in distressed areas or receiving program funding specifically targeted to distressed areas.

Finally, to supplement self-reported data, the evaluators identified those projects and programs listed in Center annual reports for FY 1998 that were described as having an explicit distressed-area focus. The proportion of projects described as having a distressed-area focus was much lower than would be expected based on Center directors' estimates of staff time devoted to such projects. On a project-by-project basis, only about one in six direct technical assistance projects described in Center annual reports for FY 1998 had an explicit distressed-area focus. For technical assistance to economic development organizations, the figure was more than one in five, while for technical assistance to businesses it was less than one in 15.

While these data may be evidence of overestimation of distressed-area focus by Center directors, such a conclusion is not necessarily justified. Centers are not required to identify which projects serve distressed areas in their annual reports. Consequently, failure to identify projects as such is not necessarily conclusive. In addition, many programs or projects serve a combination of distressed and nondistressed areas. Those not identified as having an explicit distressed-area focus may still partly serve distressed areas. Business assistance programs are particularly likely to be spread over both distressed and nondistressed parts of a Center's service area.

While the above data are evidence that *most* of the Centers do some explicit targeting of distressed areas, there are still a relatively large number of centers (at least three in ten) whose

directors report that they do not explicitly target distressed areas. About three in ten also report spending less than half of their staff time serving distressed areas and about four in ten have not developed clear strategies for targeting distressed areas. Finally, while a majority of Center directors reported practicing distressed-area targeting, serving distressed areas was less frequently articulated as central to Center missions. When asked to describe their mission, only about one in four Center directors explicitly included service to distressed areas in their description.

Factors Related to Effectiveness in Targeting Distressed Areas

The ability of Centers to target distressed areas is influenced by the mission and capacities of the sponsoring institutions and the Centers themselves. In particular, Centers serving economic development organization clients are more like to target distressed areas than Centers serving business clients. The percentage of Centers targeting distressed areas, as reported by Center directors, is twice as high for Centers whose primary mission involves serving economic development organizations as for Centers whose primary mission is serving businesses (70 percent versus 35 percent). The estimated percentage of staff time spent serving distressed areas is 77 percent for Centers that primarily serve economic development organizations versus 51 percent for Centers that primarily serve businesses.

Among Centers serving economic development organizations, Centers that focus on working at the local community and neighborhood levels appear to have a stronger focus on distressed areas than Centers focused at the regional level. Seventy-one percent of Centers with a local or neighborhood focus are reported by Center directors to target distressed areas versus 60 percent of Centers with a regional focus. The estimated percentage of staff time spent serving distressed areas is 80 percent for Centers with a local or neighborhood focus versus 59 percent for Centers with a regional focus.

Other Center characteristics also affect the level of distressed-area targeting. Certain types of institutions, such as Historically Black Colleges and Universities, are more inclined than other institutions to target distressed areas. In addition, a small number of Centers limit their activities to narrowly defined geographic areas (e.g., urban neighborhoods, rural “colonias” along the Mexican border) selected on the basis of high distress indicators.

The reasons cited by Center directors for not applying explicit distressed-area targeting, some of which support the above data, further explain why some Centers are less effective than others in meeting this key EDA objective:

1. *Mismatch between clientele and distressed-area targeting.* Some Centers note that since they serve a business clientele, they are not necessarily targeting distressed areas. Some add the caveat that a certain percentage of the businesses they serve are in distressed areas. Others note that they target distressed-area businesses but that their targeting has not necessarily resulted in more of these clients. The mismatch may be greatest for Centers that serve technology-oriented firms that tend to locate in growth areas.
2. *Mismatch between type of service and distressed-area targeting.* Some Centers provide services that by nature have a very broad-based clientele. This includes socioeconomic data analysis and database searches.

3. *Use of other characteristics as a proxy for distress.* Some Centers, for example, say they target rural areas, which they consider primarily distressed. This method of targeting is unlikely to be as effective as using actual distress indicators.
4. *Reactive nature of assistance decisions.* About one-quarter of Centers indicate that they respond to requests for assistance primarily on a first-come first-served basis. For Centers with large service areas including both distressed and nondistressed areas, this makes targeting difficult.

A final factor contributing to absent or ineffective targeting of distressed areas may be weak analysis of the service area's economic environment. As reported earlier in this chapter, about 40 percent of Centers report that they conduct little or no strategic analysis of the local environment as a precursor to making service decisions. With such limited analysis, these Centers are unlikely to develop a deep understanding of the nature, extent, and locus of economic distress in their service areas.

Experience Serving Economic Development Districts and Other EDA Grantees

While not equivalent to distressed-area targeting, a high proportion of Centers serve EDDs and other EDA grantees, indicating another element of the degree to which Centers contribute to EDA's mission. Almost two-thirds of the Centers indicate that they have provided services to EDDs and/or other EDA grantees. Among these Centers, directors estimated that an average of almost 30 percent of staff time (median of 20 percent) was spent working for these clients in FY 1998. These relationships are ongoing in some cases, but are more frequently project-specific and episodic. The most common ongoing services provided to EDDs appear to be generating demographic and economic data to be included in CEDS updates or for more general planning purposes. Other types of services include grant writing, organizational development, and IT assistance.

Among Centers not working with EDDs, the reasons cited included no EDDs in the Center service area,⁷ inability of EDDs to pay for services, different mission, and sufficient EDD capacity and resources to preclude the need for Center assistance.

Other EDA grantees receiving Center assistance are typically local communities, but sometimes include community-based nonprofits. Types of assistance include grant writing and assistance with CEDS preparation. Some of this assistance is in response to requests or referrals from EDDs or EDRs.

Some Center directors expressed interest in working more closely with EDDs and other EDA grantees, but were not sure how to do so. Some indicated that they were not necessarily aware of which of their clients received EDA grants.

Addressing Needs of Distressed Areas: Case Study Examples

Auburn University Technical Assistance Center (ATAC) attempts to target its outreach to distressed counties, as well as to minority- and women-owned firms. The distressed areas are determined by an ATAC-generated economic index, with the top three counties receiving concentrated outreach attention. Similarly, specific efforts are taken to identify and target special marketing efforts to minority- and women-owned firms. The results, however, have been limited. One reason is that many women- and minority-owned firms are not internally prepared or able to engage the services of an outside entity. Also, they are sometimes unable to cover the costs of services.

The University Center at University of Texas Pan American is an example of a Center whose entire service area is experiencing high levels of distress. All four counties of the University Center's service area are among the poorest in the nation. The Center further narrows its targeting by focusing on the area's *colonias*, where one in ten of the area's residents live. Colonias are unincorporated subdivisions characterized by substandard housing, lack of basic infrastructure, such as roads and sewage, and unemployment rates ranging from 20 to 60 percent.

The University of Colorado at Boulder's Business Assistance Center, which focuses on supporting the development of key technology industries in the state, does little of its work in distressed areas. Most of its work serves business and industry in the Colorado Springs/Denver/Boulder/Ft. Collins corridor, generally the most prosperous part of the state. However, its work supporting the development of a technology industry association has spawned an initiative to develop employment opportunities for lower-skilled workers in the industry. In addition, the Center's 1998 strategic plan calls for identifying and demonstrating new technology that has economic potential for rural areas.

While the *Rural Economic Technical Assistance Center (RETAC) at Western Illinois University* serves rural communities in three parts of Illinois, it gives highest priority to serving southern and western Illinois, where economic conditions are the worst. Through its research and direct technical assistance experience, RETAC has developed an understanding of the issues that rural communities face and works to develop specific projects and long-term approaches that are effective in building stronger rural areas.

The Center for Business and Economic Research at the University of Southern Maine, which tailors its activities to the needs of the state's EDDs, does not explicitly target its resources to distressed areas. Its assumption is that the EDDs themselves target their resources to communities in the state that have the greatest economic needs.

Summary of Findings

While most Centers—60 to 70 percent—devote a substantial amount of effort to serving distressed areas, a considerable minority do not. Between 30 and 40 percent do not explicitly target distressed areas and about 30 percent report spending less than half of their staff time serving distressed areas. Centers that focus on serving economic development organizations, particularly at the local and neighborhood levels; Centers within certain types of sponsoring institutions, such as historically Black Colleges and Universities; and Centers that limit their activities to narrowly defined geographic areas selected on the basis of high distress indicators are more inclined than other institutions to target distressed areas.

CHAPTER FOUR:

ARE THE NUMBER AND DISTRIBUTION OF CENTERS APPROPRIATE GIVEN OVERALL EDA BUDGET CONSTRAINTS?

In addressing this issue, the evaluators sought to answer two questions: First, can Centers meet the demand for their services at current funding levels? If Centers are unable to meet demand, this is an indicator that they are under-funded and that EDA is funding too many Centers given current Program funding levels. Second, to what degree does the ability to meet demand for services vary among Centers? This can be measured in terms of resources relative to broad indicators of demand (i.e., population, geographic size, and distress level of service area) or the relative ability of Centers to meet actual requests for services. If some Centers have greater demands placed on their resources than others, it can be concluded that the distribution of Centers by population or geography is uneven.

We relied on two sources of data in undertaking this analysis:

1. analysis of the distribution of Centers relative to key indicators of demand for services, including territorial coverage, population, and economic distress levels; and
2. Center directors' assessments of their current ability to meet the demand for their services throughout their service areas.

A related issue of concern to EDA is whether Centers are duplicating each other's services. If any Centers are providing the same type of services to the same types of clients in the same geographic areas, this may indicate that service area boundaries should be adjusted or even that the distribution of Centers should be changed to eliminate duplication. In order to examine this issue, the evaluators looked for evidence of service overlaps in states with two or more Centers.

Trends in Number and Funding Levels of Centers

EDA began funding University Centers in 1966. In that year, EDA provided a total of \$563,206 to six University Centers. Although a relatively small, experimental program for its first ten years (never funding more than eight individual Centers nor reaching over \$762,000 in total funding through 1975), its investment per Center, expressed in 2000 dollars, was relatively large. For example, per-Center investment in 1970 was over \$400,000 in year-2000 dollars.

As a whole, the University Center Program's total investment grew incrementally from the mid-1970s to the early 1990s. Considerable increases occurred in 1976, 1979, and 1982. The last large increase occurred between 1991 and 1992 when funding for the Program jumped by more than \$2,750,000 in one year. Since 1992, however, total funding for the Program has only increased marginally.⁸ (See Table 4-1.)

Accompanying a steady increase in funding over the first three decades of the Program was an increase in the number of individual Centers. The number of Centers jumped to 16 in 1977, then to 33 by 1980, 57 by 1990, and 69 by 2000. (See Table 4-1.)

Even though average funding per Center has hovered near \$100,000 in current dollars for the life of the program, the constant-dollar value has decreased steadily. The average annual funding per Center by decade in 2000 dollars dropped steadily and substantially in each decade. The average per-Center funding level in the 1990s was less than 30 percent of the 1960s level and less than 45 percent of the 1970s level. Per-Center funding for FY 2000 continues the downward trend in comparison to the 1990 average (although there was a small increase over FY 1999).

Table 4-1: Annual Program Funding Levels				
Fiscal Year	EDA Total \$	Number of Centers	Average EDA \$ per Center	Real \$ (2000)
1966	\$563,206	6	\$ 93,868	\$412,735
1967	\$651,428	7	\$ 93,061	\$396,693
1968	\$290,102	3	\$ 96,701	\$396,440
1969	\$517,371	6	\$ 86,229	\$338,469
1970	\$761,279	7	\$108,754	\$404,157
1971	\$192,837	2	\$ 96,419	\$340,999
1972	\$386,890	8	\$ 48,361	\$163,357
1973	\$262,338	5	\$ 52,468	\$170,187
1974	\$676,568	7	\$ 96,653	\$291,329
1975	\$122,950	3	\$ 40,983	\$111,265
1976	\$1,248,708	9	\$138,745	\$354,716
1977	\$1,548,579	16	\$ 96,786	\$233,543
1978	\$2,015,097	17	\$118,535	\$268,383
1979	\$2,814,460	29	\$ 97,050	\$203,697
1980	\$3,052,922	33	\$ 92,513	\$178,108
1981	\$759,045	18	\$ 42,169	\$ 73,757
1982	\$2,444,458	29	\$ 84,292	\$137,610
1983	\$2,260,178	28	\$ 80,721	\$126,040
1984	\$2,690,282	34	\$ 79,126	\$118,929
1985	\$2,887,126	32	\$ 90,223	\$131,131
1986	\$3,771,765	38	\$ 99,257	\$141,016
1987	\$3,640,948	39	\$ 93,358	\$129,141
1988	\$4,066,408	47	\$ 86,519	\$116,227
1989	\$4,324,675	52	\$ 83,167	\$107,347
1990	\$4,482,903	57	\$ 78,647	\$ 97,962
1991	\$4,674,168	59	\$ 79,223	\$ 94,699
1992	\$7,454,455	64	\$116,476	\$135,564
1993	\$7,297,798	64	\$114,028	\$129,643
1994	\$7,484,556	66	\$113,402	\$126,279
1995	\$7,650,252	67	\$114,183	\$124,317
1996	\$6,821,324	68	\$100,314	\$107,085
1997*	\$6,639,394	69	\$ 96,223	\$100,742
1998*	\$7,118,287	69	\$103,164	\$106,536
1999*	\$6,815,500	69	\$ 98,775	\$100,489
2000*	\$7,178,567	69	\$104,037	\$104,037

*Includes funding from Local Technical Assistance, Defense Adjustment and Economic Adjustment programs in support of University Center operations.
Source: EDA database.

Distribution of Centers Relative to Key Indicators of Demand

The territorial and population coverage of many Centers is quite substantial, particularly in light of the Program’s limited funding levels. Moreover, coverage ratios vary greatly among states. Sixty-nine University Centers operate in 45 states and the Commonwealth of Puerto Rico (hereinafter regarded as a state). Of these 46 states, 28 have a single Center, 15 have two Centers, two (California and Mississippi) have three Centers, and one (Texas) has five Centers. Among the states with single Centers are relatively large states such as Alaska, Montana, Arizona, Nevada, and Colorado, and relatively populous states such as Pennsylvania, New Jersey, North Carolina, Massachusetts, and Washington. Even some states with multiple Centers, notably California and Illinois, still have very large populations relative to their number of Centers.

Most Centers cover statewide or multiregional territories. Thirty-seven Centers describe their territories as statewide, while another 19 describe them as multiregional. The remaining 13 are focused on a particular region within a state.

Table 4-2 provides a measure of Center service levels relative to key indicators of demand, by state. These indicators of demand include population, geographic area, and economic distress as measured by poverty level relative to the national average. While these data do not necessarily reflect the actual populations or areas covered by the Centers in those states, or the levels of distress in particular Center service areas, they do provide a general measure of the capacity relative to resource needs in each state. A composite measure of service levels relative to need was derived by multiplying geographic area per Center by population per Center and then multiplying the result by the ratio of the state-to-national poverty rate, in effect adjusting upward or downward to account for a state’s level of economic distress. The higher the resulting “composite indicator,” the higher the demand for services in relation to Center resources. The results show considerable variation from state to state.

Center Assessments of Capacity to Meet Demand for Services

For most Centers, the level of demand appears to equal or exceed their capacity. Based on interviews with their directors, very few Centers, about 10 to 15 percent, appear comfortable with the level of demand for their services. About half of the remainder say they can meet 80 to 95 percent of the demand by stretching resources, working extra hours, bringing in partners, delaying work, cutting down the scope of the project, and other means. The remainder say that demand far outstrips their ability to meet it. The estimates by these Centers of the proportion of demand they can meet generally range between 20 percent and 75 percent of demand, but, in a few cases, is even less. Many Centers report that they restrict marketing because they would be unable to handle the additional demand it would generate. Some Centers say they have to neglect administrative requirements in order to meet the demand for direct services.

Table 4-2: Center Service Levels Relative to Indicators of Demand, by State

State	Number of Centers	Population per Center (000s)	Area per Center (000s sq. mi.)	State-to-National Poverty Ratio*	Composite Indicator**
Alabama	2	2,185	26	1.20	7
Alaska	1	620	615	0.68	26
Arizona	1	4,778	114	1.21	66
Arkansas	2	1,276	27	1.30	4
California	3	11,048	53	1.21	71
Colorado	1	4,056	104	0.68	29
Conn., Del., D.C.	0				
Florida	2	7,556	30	1.06	24
Georgia	2	3,894	29	1.09	12
Hawaii	1	1,185	6	0.94	1
Idaho	1	1,252	84	1.10	12
Illinois	2	6,064	29	0.83	14
Indiana	1	5,943	36	0.66	14
Iowa	1	2,869	56	0.69	11
Kansas	1	2,654	82	0.83	18
Kentucky	2	1,980	20	1.10	4
Louisiana	2	2,186	25	1.44	8
Maine	1	1,253	34	0.83	3
Maryland	2	2,586	6	0.60	1
Massachusetts	1	6,175	9	0.87	5
Michigan	2	4,932	48	0.82	19
Minnesota	1	4,776	87	0.72	30
Mississippi	3	923	16	1.33	2
Missouri	1	5,468	70	0.88	34
Montana	1	883	147	1.26	16
Nebraska	1	1,666	77	0.87	11
Nevada	1	1,809	111	0.87	17
New Hampshire	1	1,201	9	0.71	1
New Jersey	1	8,143	8	0.67	5
New Mexico	2	870	61	1.65	9
New York	2	9,098	27	1.25	31
North Carolina	1	7,651	53	1.03	42
North Dakota	1	634	71	1.10	5
Ohio	2	5,628	22	0.90	11
Oklahoma	1	3,358	70	1.07	25
Oregon	1	3,316	97	1.04	33
Pennsylvania	1	11,994	46	0.84	46
Rhode Island	0				
South Carolina	1	3,886	31	1.02	12
South Dakota	1	733	77	0.93	5
Tennessee	1	5,484	42	1.05	24
Texas	5	4,009	53	1.24	27
Utah	1	2,130	85	0.63	11
Vermont	0				
Virginia	2	3,436	21	0.78	6
Washington	1	5,756	71	0.73	30
West Virginia	2	903	12	1.33	1
Wisconsin	2	2,625	33	0.67	6
Wyoming	0				
Puerto Rico	1	3,890	4	4.60	6
Average***		2,533	41	1.07	11

* ratio of state-to-national poverty rate, 1997-99 average (except Puerto Rico, which includes 1997 data only)

** population per Center multiplied by area per Center multiplied by state-to-national poverty ratio, divided by 10,000

*** states with Centers only

In addition to high level of demand, the difficulty Centers experience in responding to prospective clients is also a function of resource constraints. This reflects both the limited EDA program funding and the limited funding and other resources available from the sponsoring institutions.

Limited resources make it difficult for many Centers to effectively serve outlying parts of their service areas. About two-thirds of Center directors report that they have difficulty serving some parts of their service areas. While they differed in their characterization of distances too far to serve, a two- or three-hour drive from the Center's location was generally considered excessive. This was a distance beyond which an overnight stay was required to attend face-to-face meetings with clients, entailing significant additional time and costs.

Following are examples of the extreme distances and travel times faced by some Centers:

- The Center at California State University-Chico is a seven-hour drive from the northeastern and northwestern parts of state.
- The two Centers in Michigan are both about an eight-hour drive from the state's Upper Peninsula.
- Montana State University is located on the western side of the state, about seven hours from the easternmost part of the state.
- Staff at the Center at New Mexico State University have traveled up to seven hours to visit clients in the northeastern part of the state.
- The Center at North Dakota State University is located on the eastern edge of the state, up to eight hours from some parts of the state.
- The Center at the University of Nebraska is six to nine hours from parts of the Nebraska panhandle.
- The Center at the University of Alaska, which serves the entire state, has to reach many remote locations by plane or boat.

The ability of a Center to serve remote parts of its service areas is, of course, affected by factors other than time and distance. Some types of services, such as data provision, may require little on-site work. Nonetheless, for the bulk of the Centers providing one-on-one technical assistance, time and distance can be a significant factor. These considerations can cause Centers to ration services on the basis of location or to overemphasize logistical considerations in deciding what types of services to provide.

One solution to this problem could be the application of new telecommunications technologies such as videoconferencing. However, few Centers appear to have adopted such technologies on a large scale and, more importantly, many Center clients do not have access to them.

Service Overlaps

Service overlaps among Centers in states with two or more Centers are very limited. For the most part, Centers in these states serve different geographic areas, serve different clients, and/or provide different types of services.

As noted above, 18 states have two or more Centers. In 10 of these states, all Centers serve substate regions that have little or no overlap. In the other eight states, at least one of the Centers has a statewide focus, introducing the potential for service overlaps. We examined Center activities in these states to identify instances of actual service overlaps. In all but one instance, we found minimal or no overlap in the types of clients targeted and/or the types of service provided. (See Table 4-3.) Thus, service overlaps are not a general problem within the Program.

State and Centers	Service	Primary Clientele	Extent of Service Overlap
Alabama			
University of AL	Statewide	Local E.D.	None—different clientele.
Auburn University	Statewide	Small Business	
Arkansas			
University of AR	Statewide	Local/Regional E.D.	Minimal. AR State works only in MS Delta. Univ. of AR provides technology services (e.g., Web-based info exchange, Web site design); AR State provides leadership training and planning assistance.
AR State University	Multiregional	Local/Regional E.D.	
Florida			
University of FL	Statewide	Technology Business	None—different clientele.
FL A&M University	Regional	Micro-business	
Georgia			
Clark Atlanta Univ.	Regional	Small Business	Minimal. Clark Atlanta assists small, minority-owned businesses in Atlanta metro area. GA Tech assists small and mid-sized, primarily manufacturing, firms statewide.
GA Inst. of	Statewide	Manufacturing	
Kentucky			
Eastern KY State	Multiregional	Local/Regional E.D.	None—different clientele.
Western KY State	Statewide	Business	
Louisiana			
Univ. of New Orleans	Regional	Local/Regional E.D.	None—different clientele.
Xavier University	Statewide	Neighborhood E.D.	
Michigan			
University of MI	Statewide	Local/Regional E.D.	Minimal. Univ. of MI assists communities and regions with business development and reuse of underutilized real estate assets. MI State builds capacity of local governments and community-based nonprofits through
MI State University	Statewide	Local/Neighborhood	
Mississippi			
MS State University	Statewide	Business	Minimal. Univ. of So. MS serves different clientele than other two. MS Valley State works only in MS Delta and serves small, primarily minority-owned businesses; MS State serves all businesses seeking access to university
Univ. of Southern MS	Multiregio	Local E.D.	
MS Valley State Univ.	Regional	Business	
New Mexico			
University of NM**	Statewide	Local E.D.	Substantial. Both Centers provide general planning and technical assistance services to local economic development organizations. NM State provides some export assistance to business.
NM State University	Statewide	Local E.D.	
West Virginia			
Marshall University	Statewide	Small Business	None—different clientele.
WV University	Statewide	Local E.D.	

*States with two or more Centers, at least one of which has a statewide geographic focus.
 **Funding for this Center was discontinued in FY 2000.

Summary of Findings

Center services supported by EDA funding are very limited in relation to the scale of economic development activities occurring in Center service areas. Moreover, EDA funding per Center has declined considerably over the years in inflation-adjusted dollars. While the ability of Centers to meet demand varies considerably, most Centers are not able to meet the demand for their services. The limited resources, coupled with the large geographic size of many of the Center service areas, have also made it difficult for many Centers to effectively serve outlying parts of their service areas. While there are a limited number of Centers with overlapping service areas, little duplication of services occurs because they serve differing clients or provide differing types of services.

CHAPTER FIVE:

DOES THE PROGRAM SERVE A UNIQUE ROLE?

EDA's University Center Program is one of several federal initiatives that target institutions of higher education as partners in providing technical assistance in support of economic development. Several of these initiatives receive substantial federal funds. We have divided these programs into two categories roughly corresponding to the two client focuses of University Center activities: (1) assistance to organizations in support of economic development in particular geographic areas and (2) assistance to businesses.

Because of the broad focus and flexibility of EDA's University Center Program, there is some potential for overlap between University Center activities and those of other federally supported programs. A number of University Centers are, in fact, co-located or affiliated with entities supported by these programs. We reviewed the activities of University Centers to assess the actual extent of overlap with these other programs.

As a side note, the University Center Program predated all of these other programs, and may, in fact, have served as an early model of other efforts to mobilize university resources in support of economic and community development. Some of the activities of early University Centers have been adopted on a larger scale by these more recent programs.

Relationship to Other Local Development Assistance Programs

For the most part, activities carried out under the University Center Program do not overlap other federal programs that provide funding support of local development efforts by higher education institutions. While the University Center Program shares a focus on distressed areas with these other programs, it is the only one supporting broad-based local and regional economic development efforts. This includes its unique role as capacity builder and service provider to local and regional economic development organizations. The other programs have a much more narrow geographic and/or population focus and are not limited to economic development.

In addition to the University Center Program, there are three principal federal programs funding activities by higher-education institutions in support of local development. These programs are all operated by the Department of Housing and Urban Development.

1. ***The Community Outreach Partnership Center Program (COPC)***, which obligated \$7.3 million in FY 1999 among 22 institutions of higher education to address urban problems through research, outreach, and exchange of information. The COPC program, like the other two HUD programs, is a competitive program awarded for a specific project on a three-year cycle (with an option of renewal up to two years for a total commitment of five years).
2. ***The Historically Black Colleges and Universities Program (HBCUP)*** obligated \$10 million in FY 1999 to support 21 historically black higher-education institutions to

address neighborhood revitalization, housing, and economic development needs in their localities.

3. *The Hispanic Service Institutions Assisting Communities Program (HSIAC)* obligated \$5.4 million in FY 1999 to support 14 higher-education institutions with a focus on serving the Hispanic community to revitalize low-income neighborhoods near their campuses.

These programs are similar to the University Center Program in the sense that they are expected to mobilize the resources of the sponsoring institutions in support of development efforts in local communities. They also have a strong focus on technical assistance. At the same time, they are distinct from the University Center Program in at least three important ways:

- *Their efforts are focused on specific neighborhoods, usually adjacent to the funded institution.* They have a common mission—harnessing the resources of the college or university to address the needs of low-income communities near their campuses. In contrast, very few University Centers focus their efforts on particular neighborhoods and even fewer restrict their activities to neighborhoods adjacent to their campuses. Most Centers operate at a regional or statewide level. Whereas these programs tend to have an urban focus, University Centers operate in both urban and rural areas.
- *Their efforts typically are not focused exclusively on economic development,* but on a broader array of community development needs, including housing, education, crime prevention, and human services.
- *The funding for each institution is time-limited.* Grants are made on a one-time competitive basis for two- to three-year periods with no expectation of ongoing funding. In contrast, the University Center Program funds Centers on an ongoing annual basis, with continued funding subject to satisfactory performance.

A number of institutions with University Centers have also received recent funding through these other programs, including three HBCUP, one HSIAC, and eight COPC recipients. In most cases, University Center activities appeared to be unrelated to those under the other programs, and in the remainder appeared to be complementary rather than overlapping.

Relationship to Other Business Assistance Programs

The University Center Program's flexible service model and focus on distressed areas distinguish it from other federal programs supporting business assistance through higher education institutions. The other programs are more restrictive in defining eligible firms and services, but less restrictive regarding local economic conditions. In practice, however, some overlap exists between business assistance services supported by the University Center Program and those supported by other federal programs.

In addition to the University Center Program, there are three principal federal programs funding activities by higher education institutions in support of business development: one resides within the Economic Development Administration, a second elsewhere in the Department of Commerce, and a third in the Small Business Administration. All are considerably larger than the business assistance component of the University Center Program.

1. ***The Economic Development Administration's Trade Adjustment Assistance (TAA) Program*** obligated approximately \$10 million in FY 1999 to provide technical assistance to manufacturing firms negatively impacted by foreign trade. Twelve centers, ten serving multistate areas, cover the entire territory of the United States.
2. ***The Department of Commerce's Manufacturing Extension Partnership (MEP)***, of the National Institute for Standards and Technology (NIST), obligated \$109 million in FY 1999 to improve the competitiveness of small manufacturers. The technical assistance is delivered through over 400 manufacturing assistance centers and field offices that cover all areas of the United States.
3. ***The Small Business Administration's Small Business Development Center (SBDC) Program*** obligated \$71 million in FY 1999 to provide management counseling and assistance to small firms, including startups. Most states have a lead assistance center that works through 10 to 20 field offices, many of which are located on university campuses, to deliver the assistance.

A major distinction between the University Center Program and these other programs with respect to business assistance is its flexibility. Whereas each of these programs operates under certain statutory and administrative restrictions, University Centers are free to design their business assistance activities to respond to local needs. Restrictions placed on the other programs include the following:

- *All three programs are limited to serving certain types of firms.* The MEP program is limited to serving small- and medium-sized manufacturing firms, typically those with fewer than 500 employees. TAACs may only serve firms certified under federal statute as having been substantially injured by foreign competition. SBDCs may only serve firms meeting Small Business Administration size restrictions. While these restrictions differ by industry, they are 500 or fewer employees for most manufacturing industries, and \$5 million in sales for most retail and service industries.
- *These programs each provide a defined, fairly standard set of services.* While there are some differences among individual service providers, businesses throughout the United States using these programs can expect to find roughly the same types of services wherever they are located. MEPs provide information dissemination and one-on-one technical assistance to manufacturers to address technology and management needs. TAACs provide in-depth technical assistance to firms involving the development of trade adjustment strategies. The SBDC Program is more flexible in allowing each SBDC to develop its own service plan, but SBDCs typically provide a combination of educational programs, counseling, and limited one-on-one technical assistance on a wide range of business issues. The funding formulas and performance criteria for SBDCs discourage intensive technical assistance to individual clients.

The fact that University Centers are not bound by these restrictions does not necessarily make their services distinct. Under the Program's flexible regulations, Centers can provide the same types of services to the same types of clients as these other programs. Centers are not required to explicitly state how their services are distinct from other programs and how they

avoid duplication. In fact, a review of the 62 business assistance projects and programs undertaken by University Centers during FY 1998 reveals a number of projects and programs that, based on the descriptions provided, are not easily distinguishable from those of the MEP or SBDC programs.

At the same time, other project/program descriptions as well as Center director interviews indicate that many Centers have developed services that are, in fact, distinguishable from those of other programs. These include

1. data searches using university databases;
2. in-depth assistance using university faculty and students;
3. targeted assistance to firms in industry sectors important to the local economic base; and
4. assistance focusing narrowly on specialized topics such as ISO 9000 and patenting/licensing.

Another factor that *should* distinguish the University Center Program from these other federal programs is its distressed-area focus. None of these other programs place a priority on targeting activities to distressed areas. Yet, despite the University Center Program's explicit distressed-area focus, the evidence presented in Chapter Three indicates that, among Centers providing business assistance, the actual extent of distressed-area targeting is mixed. Only about one-third of these Centers explicitly target businesses in distressed areas. And an average of only about half of their staff time is spent working with businesses in distressed areas. A stronger focus on distressed areas would more clearly distinguish business assistance provided by the University Center Program from university-based assistance provided through other federal programs.

With respect to administrative overlap, very few Centers are administratively related to service providers under these other programs. No Centers appear to be integrated into state SBDC networks, although a few are located administratively within SBDC programs operated by their sponsoring institutions. Six Centers are part of or closely connected to MEP centers. In some of these cases, the University Centers expand the categories of eligible businesses or the territories served beyond what would otherwise be practically possible. Some of these Centers state that they use the EDA funding to specifically target businesses in distressed areas. However, it is unclear why additional funds are needed to target these particular businesses when all qualifying businesses are eligible for MEP services regardless of location.

Summary of Findings

The EDA University Center Program shares a focus on economic development in distressed communities with some programs of the U.S. Department of Housing and Urban Development. However, the University Center Program is more focused on broad-based local and regional economic development, including its role as capacity builder and service provider to local and regional economic development organizations. The HUD programs are more oriented towards comprehensive community development efforts (including but not limited to economic

development) and typically focus on African-American and Hispanic communities adjacent to the sponsoring institutions.

In terms of business assistance activities, there is some overlap with the Department of Commerce's Manufacturing Extension Partnership and Small Business Administration's Small Business Development Center programs. The greatest distinction between the University Center Program and these programs is that University Centers provide business assistance services that are more flexible—they are not restricted in terms of the types of firms they serve or the types of services they provide. While the University Center Program's focus on distressed areas should be another area of difference, evidence suggests that many of the University Centers providing business assistance have not explicitly targeted their services to distressed areas.

CHAPTER SIX:

ARE UNIVERSITY CENTERS EFFECTIVE IN MOBILIZING UNIVERSITY RESOURCES?

A distinguishing feature of the University Center Program is its intention to bring the resources of higher education to bear in addressing the problems of local and regional economic development. The extent to which Centers are able to tap the resources of their sponsoring institutions plays a critical role in the scale and quality of their services. Beyond this, the extent to which they are able to influence the policies and practices of their sponsoring institutions with respect to engagement in local and regional economic development can have an impact far greater than the direct activities of Centers themselves.

Higher-education institutions have a wealth of intellectual and technical resources that can contribute to economic development. Their faculty and research staff have expertise in a range of relevant academic disciplines, including planning, public policy, economics, business, and science and technology. Their students can provide valuable research support to economic development activities through class projects, internships, and research conducted under faculty supervision. And their libraries are repositories of countless data and literature relevant to the field. Furthermore, participation in economic development activities provides higher education institutions with valuable opportunities to fulfill their three-pronged mission of teaching, research, and community service.

This chapter examines the extent to which University Centers have accessed other university resources. It also looks at some of the key factors that influence the ability of Centers to access those resources. Finally, it discusses the degree to which Centers have influenced the general outlook of their sponsoring institutions regarding involvement in economic development activities, as perceived by Center directors themselves.

Use of University Resources

There is a range of ways that universities have provided resources to Centers. Most importantly, it involves making available two critical institutional resources—faculty and students. It also involves providing facilities and equipment either directly or through budget appropriations. The interviews with Center directors provided information about both the extent to which faculty and students are used to undertake activities *paid for out of Center budgets* and the extent to which Centers draw on faculty members and students for *unpaid activities* (some of which may be paid for from other budgets within the institutions).

Use of University Faculty and Students

While Centers rely primarily on core staff—those directly employed by the Center—for paid professional staffing, most make at least some use and some make considerable use of the faculty and students of sponsoring institutions. On average, the work of core Center staff makes up about 67 percent of total paid professional staff time⁹ devoted to Center activities, based on

estimates by Center directors. The work of faculty members makes up another 10 percent, and students another 15 percent, with the balance made up by outside consultants. Among Centers, use of faculty members and students for paid professional staffing varies greatly. About one-third of Centers use no faculty members and about 30 percent use no students. Most of the remaining Centers use each for 25 percent or less of total staffing. (See Table 6-1.)

Table 6-1: Sources of Paid Professional Staffing				
	Staff	Consultants	Faculty	Students
Range of Use (%)				
	% of Centers in Range			
0%	3%	42%	34%	28%
1-25%	9%	52%	55%	54%
26-50%	15%	2%	9%	15%
51-75%	29%	3%	2%	2%
76-100%	43%	2%	0%	2%
	99%	101%	100%	101%
Average Use (%)				
All Centers				
Mean	67%	8%	10%	15%
Median	75%	4%	5%	10%
N = 65				
Source: Director Interviews.				

Aside from using faculty and students as part of their paid professional staff, University Centers can draw on both faculty members and students of the sponsoring institutions in ways that do not require Center expenditures. This can involve using students and faculty advisors as part of course work. Or it can involve using faculty members to conduct research or training on a volunteer basis or through compensation from other funding mechanisms within the sponsoring institutions, such as faculty release time and grant pools for community service projects. Approximately two-thirds of Centers used some combination of unpaid faculty and students in FY 1998. Just under six in ten used unpaid faculty, while just under half used unpaid students. Table 6-2 provides more detailed data on the use of faculty and graduate and undergraduate students.

Table 6-2: Use of Unpaid Faculty and Students				
	% Using	Mean Hours	Median Hours	Range of Hours
Faculty	56%	124	95	20-1,500
Graduate Students	36%	307	200	40-4,000
Undergraduate Students	45%	536	386	10-7,200
N = 68				
Source: Director Interviews.				

The ways in which unpaid faculty and student assistance are used vary greatly, but do follow certain general patterns. Faculty members are typically drawn in to provide specialized expertise for a specific project or client. This includes

- direct technical assistance, including market and technology research for business clients, economic research, industry research (e.g., targeted industry analyses), fiscal and economic impact analysis, feasibility studies, and development strategies;
- presentations at conferences, seminars, and training programs; and
- service on project/program advisory councils.

Faculty members also provide supervision for student projects.

Students typically work on applied research projects, conduct data searches, or assist faculty members on large-scale technical assistance projects. Specific types of student activities include

- specific data collection and research assignments;
- assisting organizations with computer applications;
- class/group projects for clients, including product design and engineering, and market research, under faculty supervision;
- thesis projects; and
- internship placements.

Faculty and students are drawn from a range of disciplines, with the largest number drawn from business and engineering. About two-thirds of Center directors reported drawing faculty members and/or students from business administration and management disciplines. Almost half reported drawing them from engineering and technology disciplines. Almost a third reported drawing them from each of miscellaneous social sciences (economics, political science, sociology, etc.) and planning disciplines. Other disciplines from which faculty members and/or students are drawn include public policy/public administration, agriculture, computer sciences, other sciences (chemistry, environmental sciences, medicine, health), and architecture and urban design.

For the most part, Center directors can approach faculty members directly for assistance, but, in a significant minority of cases, must go through more formal channels. Of the Center directors reporting how they obtain faculty assistance, more than two-thirds indicated that they directly contact faculty members. This is typically an informal process based on relationships developed over the years. In some cases, the assistance must receive a dean's sign-off. About one of ten Center directors reported having to go through a more formal request process. This typically involves approaching the head of the department, dean of the school, or director of another center with expertise they are seeking. About two in ten reported that it depends on the situation—whether or not they can identify the faculty member they need or, less frequently, the scale of the assistance needed.

Contribution of Financial Resource by Sponsoring Institution

Most Centers do not receive cash or in-kind resource contributions from their host institutions in a given year. According to data provided by Center directors for FY 1998, a minority of Centers obtained cash commitments from their host universities in addition to the required EDA match. Fourteen of the Centers, or 20 percent, received cash contributions above the match requirement. The average of these contributions was about \$53,000. In addition, 22 of the Centers received in-kind donations from their host institutions that were above the match.

Factors Affecting Ability to Draw on Other University Resources

The ability of a Center to engage with other parts of the sponsoring institution can be influenced by a number of factors. These include the Center's institutional stature, its institutional ties to other schools and departments, institutional policies and culture, and the Center's ability to provide research opportunities that appeal to faculty and students. The exact character of these factors can change over time as institutional policies and structures evolve. While the manner in which these factors come into play differs with each Center, this evaluation sought to assess two sets of factors that were most easily measurable with the evaluation tools available to us:

1. the Center's position within the organizational structure of the sponsoring institution and
2. the extent of support from senior administrative levels of the sponsoring institution, as evidenced by institutional policies and supportive actions at senior administrative levels.

These measures are primarily qualitative and imprecise. Nevertheless, they provide some indication of what main factors influence Center access to key university resources. Other factors revealed through the site visits are also discussed.

Center's Position within the Organizational Structure of the Sponsoring Institution

A Center's internal institutional affiliation within the sponsoring institution can influence its ability to obtain access to other university resources. Most Centers are located within a large entity of the sponsoring institution. Sixty-percent (41 Centers) are located within a larger "parent" center having a broader economic development or community service focus, and 19 percent (13 Centers) are located in an academic school or department. Only 21 percent (14 Centers) are independently operated. One multi-institutional Center has subcenters with differing institutional locations.

Centers Located in Larger "Parent" Centers

Being located in a larger center frequently creates synergies with the other activities of the larger entity. Center directors cite a number of ways in which Centers benefit from being part of a larger center. These typically involve synergy and leveraging of resources.

- The most frequently mentioned benefits were access to professional expertise through staff of the larger entity and faculty members, partnering/integration of services, and sharing of overhead.

- Other reported benefits include greater access to students, higher stature within the university, client referrals from elsewhere in the larger entity, access to service delivery networks (e.g., regional offices), access to information resources, and the ability to obtain more aggregate resources.
- Some Center directors specifically mentioned that the EDA-supported Center would be unlikely to survive if not part of the larger entity.

Centers Located in Larger “Parent” Centers: Case Study Examples

The University Center at The University of Texas Pan American is part of the university’s Office of Center Operations and Community Service (CoSERVE), the public service division of the university. CoSERVE is an umbrella of 17 distinct public service, outreach, and community development programs in the university. The University Center, which is unique among CoSERVE’s programs in that it focuses on locales rather than specific client populations, draws on the resources of CoSERVE’s 16 other centers when undertaking projects. However, the University Center has been less successful in mobilizing faculty and student resources. Among the factors inhibiting student and faculty member use are scheduling conflicts, limited flexibility for faculty members to pursue noncourse-related field research, limited financial support, and departmental turf issues that deter faculty members from crossing departmental lines.

The Rural Economic Technical Assistance Center (RETAC) at Western Illinois University benefits from the university resources assembled at the Illinois Institute for Rural Affairs (IIRA), where it is located. RETAC draws upon full-time staff of the Institute and associated faculty members that assist in projects, conferences, and workshops. It also makes use of undergraduate and graduate student research assistants. IIRA has a strong culture of teamwork and collaboration across its units, so there is considerable informal interaction between RETAC and other Institute staff.

The Rural Development Center (RDC) at the University of Maryland Eastern Shore has not relied heavily on the resources of its host institution. The school’s small size and absence of programs or departments that directly match the mission of the RDC provide it with few resources on which to draw. Furthermore, the school has an orientation towards liberal arts, and the administration has not actively encouraged faculty members to participate in RDC projects. One way that RDC has dealt with this limitation is to work with faculty members at other universities as well as with extension agents.

The Center for Economic Development at the University of Wisconsin Milwaukee (UWM) has worked with UWM’s Center for Urban Initiatives and Research to cosponsor conferences and to collaborate on research and outreach projects. It also participated in the UWM Community Outreach Partnership Center (COPC), serving as its economic development component. At the same time, the director has been able to forge relationships with academic units by virtue of the fact that he has a faculty appointment, previously served as director of the university’s Urban Studies Program, and employs another faculty member as associate director.

Most Centers that are part of larger entities, about 85 percent, report that they provide a unique set of services within the larger entity.

- The most frequently mentioned category was providing a specific policy focus or tool within the field of economic development. This typically involved certain technological expertise (e.g., GIS, telecommunications, and the Internet), research specializations (e.g., technology transfer, international trade/exporting), or training capacities (e.g., leadership training). In some cases, Centers focus on services to economic development organizations, while other units of the larger entity focus on business assistance.

- A second frequently mentioned category was the Center’s focus on economic development as opposed to other policy areas. In some cases, the Center’s economic development focus complements other areas of policy expertise within the larger entity such as housing or transportation.
- A less frequently mentioned category was geographic focus. Some Centers reported focusing their assistance on rural areas or distressed urban neighborhoods, in contrast to a more general focus of other units within the larger entities.
- A few directors indicated that the Center focuses on more intensive forms of assistance or later stages of assistance to a client than other units of the larger entities.

Not all Centers that are part of larger parent centers have developed distinct programmatic or organizational identity. Fifteen percent of Centers located in larger centers reported that they simply expand the level of services available from the larger entities. Consequently, they blend with other activities of the larger entity in a way that prevents them from developing a distinct mission or service focus. While the additional resources enhance the capabilities of the larger entities, the University Centers themselves are less clearly tied to the capacity-building role that serves to leverage the EDA funding.

There is also some evidence that being located in a larger center results in less use of resources from elsewhere in the sponsoring institution. Centers located in larger centers are somewhat less likely than Centers located in academic departments to draw on unpaid faculty members and graduate students. They are more likely to draw on unpaid undergraduate students, a group that has less skills than either faculty members or graduate students. (See Table 6-3.)

Table 6-3: Use of Unpaid Faculty and Students, by Type of Center			
	Located in a Larger Center	Located in Academic Unit	Independent
Faculty: % using	63%	73%	58%
Mean Hours of Use	138	140	45
Median Hours of Use	35	40	30
Graduate Students: % using	37%	55%	33%
Mean Hours of Use	184	626	145
Median Hours of Use	0	40	0
Undergraduate Students: % using	47%	36%	75%
Mean Hours of Use	478	501	756
Median Hours of Use	0	0	63
N=61 (One Center has five subcenters located in different parts of the host institutions and, thus, could not be classified. Seven other Centers did not provide this data.)			
Source: Director Interviews.			

Centers Located in Academic Units

Centers affiliated with an academic unit typically benefit from the resources of the host unit. This is particularly true when the college or the department has an applied or applications

orientation that encourages faculty and student engagement. At the same time, however, the identification of these Centers with particular academic units combined with weak mechanisms for interdepartmental cooperation may hinder access to other university resources.

Overall, Centers located in academic units appear more able than other Centers to secure unpaid assistance from faculty members and graduate students. Graduate students can be a particularly important source of skilled research activities. These Centers are less likely than

Centers Located in Academic Units: Case Study Examples

Prior to 1999, the *Center for Economic Development, Entrepreneurship and Technology (CEDET) at Eastern Kentucky University* was situated in the College of Applied Arts and Technology. A consolidation of the College of Business with the College of Applied Arts and Technology positioned CEDET to gain greater access to the faculty members and students of the business program while maintaining contact with the applied arts and technology faculty. The Center director now reports to the dean of the college rather than a department head. In addition, the College of Business houses an SBDC subcenter that had not previously worked closely with CEDET. The consolidation of the two colleges provides an opportunity for CEDET and the SBDC to work together in the future.

The Business Assistance Center at the University of Colorado at Boulder is housed within the Business Research Division (BRD) of the College of Business and Administration. While an academic unit, the BRD operates somewhat like a larger economic development center, housing a Trade Adjustment Assistance Center, a Manufacturing Extension Program, and a Center for Sustainable Tourism. The Business Assistance Center's one-on-one business services are handled primarily in-house. It does not typically use faculty members for business consulting assignments, although it frequently works with other units of the Business Research Division. It also plays a broker role in connecting businesses with faculty members and students, and has become known by university administrators as a place they can refer businesses and faculty members who are seeking connections with one another.

The Center for Business and Economic Research (CBER) at the University of Southern Maine has actively sought to involve students at the School of Business in CBER projects and to use these projects as a means of augmenting their academic experience. CBER projects have provided students with internship arrangements and real-world experience. At the same time, involving other schools within the university as well as other centers within the School of Business, has been a challenge. While there are some clear areas of collaboration—most notably sharing a director with the SBDC, also housed in the School of Business, and faculty members with the public policy school—the Center has had difficulty linking its activities with other academic units. For example, it plays a very limited role in helping EDDs or others to access other university resources. Even within the School of Business, there is a sense that it is inefficient to have a number of different centers that are not effectively collaborating.

others to use unpaid undergraduates students. (See Table 6-3.)

Independent Centers

Centers that are not affiliated with larger units or academic schools or departments are considerably less likely than other Centers to be able to draw on unpaid faculty members and graduate students, although they are more likely to draw on unpaid undergraduate students. (See Table 6-3.)

Independent Centers: Case Study Example

While independent, the *Pacific Business Center (PBC) at the University of Hawaii* is closely affiliated with the College of Business Administration. Its most extensive use of other university resources involves engaging student-faculty teams within the college to conduct discrete research projects for business clients, including market and competitive analyses. Beyond this arrangement, the relationship of the Center to other university departments and other organizational units is limited primarily to information exchange and cross referrals. The university has a number of organizational units with relevance to economic development, but PBC's connections with these entities are generally informal.

Extent of Support from Senior Administrative Levels of the Sponsoring Institution

A number of factors related to university policy and operating procedures, both general and specific to the University Center, can influence the Center's ability to draw in faculty, students, and other university resources to support Center activities. These include the extent of mechanisms for interdepartmental coordination, the degree of concrete incentives, both financial and professional, for community service by faculty members, and methods of faculty compensation. Some Centers face stronger barriers in this regard than others.

Center directors report varying levels of encouragement for faculty support of Centers from senior administrative levels of the host university. Of the Centers that seek assistance from other parts of the university, about half felt that they received clear support from university administrators, although the strength of support varied.

The forms of support most frequently mentioned were

- policy statements from senior administrators,
- faculty service/outreach requirements, and
- use of various departmental and interdepartmental meetings to enable the Centers to reach out to faculty members.

Other forms of support included

- the establishment of administrative arrangements such as interdepartmental committees and interdisciplinary programs involving Center participation,
- specific financial incentives for faculty participation,
- provisions in faculty contracts such as allowance of course buyouts (faculty members allowed to buy themselves out of teaching a course subject to raising sufficient funds), and
- release time (faculty members get unpaid release time to work on outside projects), and specific referrals or assistance requests from senior administrators.

About one in five directors indicated that they receive no encouragement or, in some cases, face disincentives. Among the factors most frequently mentioned were lack of service requirements or the failure to enforce these requirements, and financial disincentives such as

limits on how much additional funds faculty members can earn for additional work within the university, or the way overhead rates are applied. Other factors mentioned were lack of coordination between university outreach programs and provisions in faculty contracts, such as failure to grant release time.

About one in four directors gave a mixed response, citing factors that both encouraged and discouraged faculty participation.

Level of Support from Senior Administrative Levels: Case Study Examples

The *Center for Economic Development, Entrepreneurship and Technology (CEDET) at Eastern Kentucky University* has had considerable success in engaging faculty members in its activities. This has been encouraged by the university's faculty release policy, which allows faculty members to obtain a release from their department for one-quarter or one-third time in order to engage in CEDET-sponsored activities. The faculty member's salary is still covered by the department, thus providing a university financial contribution to the CEDET program. More importantly, the faculty member's department also assumes responsibility for filling the teaching position. This approach frees CEDET to involve faculty members without having to raise additional resources or require clients to pay for their involvement.

Senior university administrators at *Western Illinois University* consider the *Rural Economic Technical Assistance Center* and the Illinois Institute of Rural Affairs (IIRA) in which it is located as major university assets, and have worked to expand their resources. The university provides direct funding from its budget and has sought and received a direct state budget appropriation for the Institute. It has also expanded the Institute's computer and GIS capacity so it could better provide this service to local governments and clients. University administrators also encourage faculty involvement in the Institute by releasing faculty members from teaching responsibilities to work on IIRA projects, without requiring IIRA to "buy" the faculty's time.

While the *Technology Assistance Center (TAC) at Weber State University* has had some success in mobilizing university resources, the dean of the college in which TAC is located and TAC staff agree that more can be done. Barriers exist that keep faculty members from becoming more intimately engaged (e.g., the university charges a high overhead cost to companies that use faculty members, making it difficult for small firms to pay for faculty assistance). Also, because so much emphasis is placed on teaching, faculty members are somewhat reluctant to divert their attention from students. The college and the university are working to change the culture in the university and to create incentives that will encourage more faculty involvement.

Auburn University's financial and institutional support for the *Technical Assistance Center (ATAC)* has resulted in the Center becoming a significant source of technical assistance for businesses growing and expanding within Alabama. At the same time, there are no specific incentives to encourage faculty members to conduct outreach activities either through ATAC or on their own. Although community services and outreach are an integral part of the university's mission, faculty members are typically evaluated and promoted based on their teaching and research skills. A recent movement within the university resulted in the University Senate adopting a new policy that gives equal weight to research and outreach/service activities. It remains to be seen how this policy will be implemented.

Linkage of Center Activities to University Mission and Faculty Interests

The ability to make its activities relevant to the teaching and research missions of the sponsoring institution as well as the interests of faculty members and students can help the Center to leverage institutional resources.

While community service is one of three primary missions of the university, it typically plays a subsidiary role to teaching and research. Centers are more successful in gaining support from senior administrative levels, as well as participation by faculty members and students, when they are able to make their activities relevant to the host institution's research and teaching activities.

Linking Center Activities to Mission and Faculty Interests: Case Study Examples

The Center for Business and Economic Research (CBER) at the University of Southern Maine finds one of its greatest challenges to be creating better incentives for faculty involvement. Many Business School faculty members have outside consulting opportunities that are more lucrative than working through CBER. Without additional incentives, such as release time or academic research opportunities, it has been difficult to interest faculty members in working on CBER projects. CBER's approach has been to focus on projects that have the potential for resulting in publishable papers.

The Center for Economic Development at the University of Wisconsin Milwaukee has structured its research and technical assistance activities to provide students with learning and research opportunities, and to contribute a knowledge base that informs the faculty. This structuring has helped it to forge relationships with academic units and to attract graduate students to work for the Center.

The most extensive use of other university resources by the *Pacific Business Center at the University of Hawaii* involves engaging student-faculty teams within the College of Business Administration to conduct discrete research projects for business clients, including market and competitive analyses. Faculty members value these projects because they provide students with the opportunity to develop research skills and do not require faculty members to conduct the outreach necessary to set them up.

Flexible Responses to Changing Institutional Environment

Changes in the operating environment of the sponsoring institution can change the calculus of accessing resources. The university's strategic, structural, and funding environments are continually shifting. Centers have to keep abreast of these changes and adjust their strategies accordingly. Examples from the case studies demonstrate how these changes have both positively and negatively affected Center access to other university resources.

Responding to Changes in Operating Environment: Case Study Examples

The *Center for Regional and Community Development (CRCD) at Arkansas State University* is in the process of being consolidated with other economic development centers at ASU into a new “Delta Center for Economic Development.” The new Center will be housed within the College of Business, whereas CRCD is currently more independent, bringing the Center closer to academic resources as well as to other centers. In addition, a new dean of the college has expressed his intention to encourage greater faculty involvement in community service. To this end, he has hired a new associate dean of graduate business programs to develop client-based projects for graduate classes.

The *Auburn University Technical Assistance Center (ATAC)* previously had a formal working relationship with three other university units providing assistance to manufacturing businesses. This partnership, referred to as the Auburn Industrial Extension Service, allowed ATAC easy access to over 100 engineers and helped establish formal relationships with extension agents in 28 Alabama counties. This partnership was recently dissolved, requiring ATAC to assume greater outreach responsibilities in-house.

Changes within the *University of Southern Maine’s* School of Business have, at times, constrained the *Center for Business and Economic Research’s* potential to better serve the state’s economic development needs. The School of Business is in a state of transition. For the past five years, the primary focus of the dean of the school, as well as much of its faculty, has been to gain accreditation from the national accrediting body for business schools. While the school has now received accreditation, the dean has since left and there is now an interim dean. In such an environment, CBER’s activities and its future have not been a priority of the school’s leadership.

Center Impact on Level and Nature of Support for Economic Development by the Sponsoring Institutions

The majority of Center directors believe that the existence of the Center has had an impact on how the larger university community supports economic development. At the same time, a considerable minority sees no impact or a very limited impact. Two-thirds of directors expressed a clear belief that their Center has had a demonstrable impact, ranging from modest to strong. Types of positive impacts cited include the following:

- generated publicity/positive feedback and increased the university’s profile in the community;
- created greater public recognition of the university’s role in economic development;
- caused the administration to change the way it views the university’s role in economic development and take a more activist approach;
- caused the university to devote more money to economic development activities;
- demonstrated to the university administration the value of community outreach;
- demonstrated how academic expertise can address real-world problems;
- was a catalyst for efforts by other university units and faculty members;
- assumed a lead role in the university’s economic development efforts; and
- spurred the university to set up other units or spin off other centers involved in other aspects of economic development/community development.

At the same time, one-third of respondents either explicitly held that the Center has had no impact at all (19 percent) on how the larger university community supports economic development or could not cite any specific impacts (14 percent). Reasons cited for this lack of impact included

- too small to have an impact;
- others within the university are not aware of what the Center does;
- decentralization/faculty individualism make it difficult to have an impact;
- has not spurred elevation of the role of service in faculty evaluations;
- activities of the Center are very distinct from the rest of the institution; and
- the Center does not have good access channels to other parts of the university.

Some directors note that it is often difficult to identify a clear causal relationship because the impacts are subtle and often interact with other factors. For example, some of the impacts noted by several directors were external—i.e., a growing appreciation within the community for the Center’s support of local economic development. While not directly affecting the attitudes of senior university administrators, growing community recognition and support can indirectly affect these attitudes because of the relationship of community support to levels of university funding from state government.

One factor mentioned by some Center directors is the low and declining (in real-dollar terms) levels of EDA funding. Low funding levels mean that Centers often function on the margins of the university. This is particularly true of stand-alone, independent Centers. Low levels of EDA funding also reduce EDA’s ability to leverage broader university support for local economic development through the University Center Program.

Summary of Findings

University Centers have had variable success in tapping other university resources to support their economic development efforts. First, while many Centers use faculty and students extensively in their activities, a considerable minority have used them very little. Second, Centers have not, for the most part, made effective use of university resources outside their host administrative unit. And, third, Centers have had mixed success in leveraging university financial resources beyond the required match. In a given year, most do not receive additional university funding. Overall, the extent to which Centers have leveraged other university resources is disappointing relative to the wealth of resources available.

CHAPTER SEVEN:

CONCLUSIONS AND RECOMMENDATIONS

In this chapter, we draw from the findings in the previous chapters to offer our conclusions about the University Center Program. These conclusions are accompanied by a set of recommendations to EDA for enhancing and strengthening the Program.

The conclusions are organized to address the five key evaluation questions articulated at the outset of the report:

1. Are the Centers effective in meeting economic development needs?
2. Does the Program effectively target distressed areas?
3. Are the number and distribution of Centers appropriate, given overall EDA budget constraints?
4. Does the Program serve a unique role, or is it duplicative of programs offered by other federal agencies?
5. Are Centers effectively bringing to bear resources within the university to address the economic development needs of surrounding communities and regions?

Each conclusion is followed by one or more recommendations related to that conclusion. While some of the recommendations are related to more than one conclusion, they are listed next to the conclusion to which they are most closely related.

Are the Centers effective in meeting economic development needs?

Conclusions

Overall, the Program is a valuable educational and technical assistance tool in support of local and regional economic development. Viewed in its entirety, it has made a notable contribution to local and regional economic development. Its role has primarily been one of long-term capacity building rather than directly and immediately producing quantifiable economic development outcomes. Thus, the Program indirectly supports EDA's objective of job creation and retention. The key findings of the evaluation in this regard include the following:

- The technical assistance services provided by Centers are highly valued by most clients. A substantial number of clients have used Centers' services on an ongoing basis or have received services more than once.
- Most technical assistance projects result in clients taking concrete actions that achieve their intended outcomes.
- Without the University Centers, many clients would not be able to access the services Centers provide.
- The activities of most Centers are integrated with and augment broader economic development efforts.

- A considerable amount of Center activity extends beyond direct service provision to helping local economic development organizations develop the tools and organizational capabilities needed to strengthen local economic development capacity.

The effectiveness of Centers in meeting local economic development needs is closely related to their ability to understand local needs, leverage resources, and develop strategic partnerships. In this regard, their performance is uneven. The analysis reveals substantial variations in the depth of analysis of local needs, the magnitude of resources mobilized (internal and external to the sponsoring institution), and the level of engagement and partnership with other local economic development actors.

- While most Centers have developed knowledge of their service areas through strong relationships with other economic development actors, few Centers formally assess needs and resources in their areas to determine the appropriate focus for their activities. A considerable minority of Centers primarily react to short-term demands in determining their service focus.
- While most Centers seek to broaden the impact of their efforts through partnerships with other service providers and organizational capacity-building efforts, a minority of Centers are narrowly focused on direct service provision.
- Centers have had variable success in leveraging financial resources beyond the EDA funding and university match. In a given year, most do not receive additional university funding, and only about half receive nonuniversity funding or in-kind support of any kind.

There is some evidence that technical assistance services to business clients are less effective than those to economic development organization clients. Business clients are somewhat less likely to express satisfaction with Center services and somewhat less likely to take follow-up action than economic development organization clients.

The University Center Program lacks effective oversight and accountability mechanisms to encourage higher and more uniform performance levels among individual Centers in addressing local economic development needs. While all Centers submit annual funding applications and reports to EDA regional offices, the format, content, and level of detail of these documents vary greatly. No standard application or reporting formats are adhered to by Centers. While EDA has instituted an across-the-board survey tool to measure client satisfaction, no systematic follow-up is conducted to measure the longer-term economic impacts of Center assistance. Under these limitations, it is difficult for EDA regional staff to assess the impacts of Center assistance and to compare the performance of different Centers. In addition, EDA regional offices often lack adequate oversight staffing.

Recommendations

Recommendation 1: Establish more focused guidelines for Center activities.

The flexibility allowed Centers in determining their service focus is a desirable feature of the Program and should be preserved. Nevertheless, EDA must ensure that Center activities are

undertaken in an effective and efficient manner that directly contributes to EDA's mission and University Center Program objectives. It must clearly articulate those criteria against which Center activities will be judged and require Centers to demonstrate how they will meet such criteria, but without rigidly prescribing the types of activities Centers undertake or the types of clients they serve. We recommend that the following criteria be emphasized:

1. Assist broader economic development initiatives of localities and regions.
2. Build capacity of regional and local economic development entities.
3. Focus largely on distressed areas.
4. Engage in partnerships with other economic development funders and technical assistance providers.
5. Effectively utilize the resources of the sponsoring institution.

Centers should be required to submit work plans demonstrating how they will meet the above guidelines as part of their funding applications. The work plans should have the following components:

- a concise analysis of economic development needs, issues, and opportunities in the Center's service area, including quantification of needs to the extent possible;
- a definition of the Center's target market;
- a description of the specific types of services and work products the Center intends to provide;
- a strategy for targeting distressed areas (described in more detail in Recommendation 7);
- an inventory of relevant complementary resources and a strategy for leveraging those resources (described in more detail in Recommendation 11);
- a strategy for utilizing the resources of the sponsoring institution (described in more detail in Recommendation 12); and
- a strategy for using the Center's activities as a means to strengthen economic long-term development capacity within the service area.

While requiring Centers to be strategic, EDA should seek to preserve sufficient flexibility to allow for local responsiveness and innovation. It should give Centers the leeway to select the types of services they provide and the types of clients they target, as long as their choices are justified with a clear, well-documented analysis of service area needs, opportunities, and resource gaps.

While the study findings raised questions about the efficacy of direct business assistance, we do not recommend that this form of assistance be prohibited. We do recommend that such assistance be clearly tied to larger-scale, strategic initiatives to strengthen key industries or components of a region's economic base, with a focus on distressed areas. In addition, Centers that provide direct business assistance should be required to make a strong case that their services are not duplicating other programs. These qualifications will ensure that business assistance activities are in keeping with the Program's objectives and are not simply enabling sponsoring institutions to supplement existing programs.

EDA should encourage Centers to target their services to Economic Development Districts and other EDA grantees. EDA should provide Centers with information on EDDs and other EDA grantees in their service areas, and request that Centers take into consideration the needs of these EDA grantees in developing their services.

EDA should communicate the expectation that Centers be given a distinct mission and provide a unique set of services within the sponsoring institution. Centers should not simply provide additional resources to extend the activities of a larger entity. This will help to ensure that Centers are identified with the University Center Program and aligned with Program funding criteria.

Recommendation 2: Develop additional Program performance measures.

There are currently few standard measures by which EDA measures Center performance. EDA does require Centers to conduct client satisfaction surveys upon completion of technical assistance projects. These surveys ask clients to rate their level of satisfaction on a scale of one to ten. The limited use of performance measurement partly reflects the diversity of activities undertaken by Centers and the resulting difficulty of developing broadly applicable performance measures. Nonetheless, the lack of such measures contributes to the difficulty of monitoring Center performance and establishing a higher level of accountability. Such measures would not only assist EDA but would provide useful feedback to Centers themselves.

EDA, working in consultation with Center directors, should seek to develop additional performance measures that are both meaningful and administratively practical. Among the dimensions of Center performance that are important to consider are

- scale of activities;
- leveraging (i.e., the amount of additional resources leveraged by Center activities, both internal and external to the sponsoring institution);
- proportion of activities benefiting distressed areas;
- short-term outcomes (scale and type of actions taken by clients as a result of services provided); and
- long-term outcomes (scale and type of economic benefits achieved as a result of client actions).

While it is important to develop measures that can be applied across all types of Centers, some differentiation may be required based on the type of activity or client. In addition, measures and data collection systems must be designed carefully to ensure that data are truly comparable between Centers. Consideration should be given to establishing peer groups for comparative purposes based on such factors as the size of the sponsoring institution, the Center's position in the sponsoring institution, and the characteristics of the Center service area.

Recommendation 3: Simplify and standardize annual reporting formats to facilitate performance evaluation.

Annual narrative reports, while often voluminous, come in differing reporting formats and contain differing levels and types of information, sometimes making it difficult to understand precisely what Centers have accomplished. The Centers themselves are sometimes confused about what they are expected to report and how they are evaluated.

EDA should revise its current guidelines for annual report preparation to simplify and standardize reporting requirements. These revisions should assist EDA regional staff to review Center performance, facilitate collection of program-wide performance data, and eliminate unnecessary paperwork for Centers. These revisions should include the following:

- Elimination of descriptive data on Center organization, service area, and objectives. These data should be available from the funding application. Centers should only be required to describe changes that have occurred since submission of the application.
- Development of a standard reporting format for Center activities. A database tool for compiling and reporting data throughout the grant period should be developed and distributed to grantees. Data to be collected for each project could include type and scale of project, number and type of clients, levels of economic distress in the area served, and additional funding leveraged. Standard categories for each type of data should be developed to ensure that the data collected are consistent among Centers. Standardized data on activities should be supplemented by brief narrative project descriptions. These data should be consistent with any program-wide performance measures developed by EDA.
- A discussion of actual activities in relation to the expected activities described in the funding applications. Substantial differences should be explained.
- For Centers that are part of larger university entities, clear separation of activities funded with EDA and local match funds from other activities of the larger entity. Activities of the larger entity should only be reported to the degree they relate to the activities of the University Center. This will facilitate comparison of activity levels among Centers. If the activities of the University Center are too closely integrated into the activities of the larger entity to be broken out, then the proportion of each activity funded with University Center funds should be calculated.
- Follow-up with a select number of past clients who received intensive technical assistance in prior years. The purpose of this follow-up would be to obtain information about how Center assistance was used and what the economic impacts were. These data should be consistent with any program-wide performance measures developed by EDA.

Centers should also be relieved of the burden of preparing extensive semiannual narrative reports. Instead, brief progress reports should be submitted summarizing activities during the first half of the grant year and flagging any unusual issues or problems that require EDA's awareness or attention.

Recommendation 4: Provide adequate staffing, resources, and technical support to EDA regional offices for University Center oversight.

EDA should develop standard guidelines for review of applications and annual reports by regional staff, including the development of a rating system.

In order to promote more informed oversight of University Centers by regional office staff, EDA should include sessions on this subject at its national conferences. These sessions should address such topics as best practices among University Centers, factors contributing to strong performance, and what to look for when assessing applications and annual reports. The sessions should include presentations by exemplary Centers and peer-to-peer exchanges among regional staff.

Recommendation 5: Support Centers to improve their performance by developing mechanisms for networking and information exchanges.

EDA should support capacity building among Centers by promoting peer-to-peer networking and information exchanges. This could be done in cooperation with the National Association of Management and Technical Assistance Centers (NAMTAC), a trade association to which many University Centers belong. It could include

- sponsoring periodic conferences or small meetings among Center directors and staff involving presentations or peer-to-peer information exchanges on topics of common interest;
- developing and disseminating information on best practices and innovative approaches among Centers; and
- the use of advanced telecommunications tools to promote long-term information exchanges.

In addition to focusing on topics of general interest to all Centers, these efforts should focus on specific topics of interest to subsets of Centers.

The evaluation identified a number of topics that could be the focus of further discussion and learning among Center personnel. These include

- approaches to targeting services to distressed areas;
- approaches to serving remote parts of Center service areas;
- use of technology to support organizational capacity development among local economic development organizations;
- strengthening Center linkages to and impact on state economic development policy makers;
- the role of applied research in augmenting Center technical assistance activities and, more generally, in advancing economic development knowledge;
- recruiting university faculty and students to participate in Center activities and addressing institutional barriers to recruitment;
- building support for Centers at senior administrative levels of the sponsoring institutions;

- fee-setting criteria and fee structures; and
- opportunities for obtaining nonuniversity funding support.

These suggestions and other topics solicited from Center directors could be considered and developed by a committee of Center directors under NAMTAC auspices.

Recommendation 6: Tie continued funding to past and prospective performance.

Without accountability for their performance, Centers will have little incentive to excel. EDA should base funding determinations on a Center’s past performance, as evidenced by its adherence to program guidelines, success in achieving its work plan, and performance in relation to its peers. Consideration should also be given to the strength of its proposed work plan.

EDA should develop a simple rating system for evaluating Center work plans. Each component of the plans should be evaluated using a simple rating scale (e.g., strong, average, weak), based on established criteria and in relation to other applications. Performance during the past funding cycle should be similarly evaluated as part of the application process. In addition, the Center’s performance in relation to its peers should be given a rating. An overall rating should then be assigned. In follow-up to performance reviews, the following actions should be taken:

- If an existing Center receives a “weak” rating after an application review but is still funded, funding should be limited to a single year unless performance improves.
- The interval for peer review visits of low-performing Centers should be shortened, while the interval for higher-performing Centers should be lengthened.
- If performance fails to improve within one year, EDA should open up the application process to other universities located either in the same service area or in other underserved areas for the next funding cycle.

Does the Program effectively target distressed areas?

Conclusions

The extent to which Centers focus their efforts on economically distressed areas is uneven. The evidence available indicates that most Centers, 60 to 70 percent, devote a substantial amount of effort to serving distressed areas. However, 30 to 40 percent of Centers place either low or no priority on distressed-area targeting. About three in ten report spending less than half of their staff time serving distressed areas. About four in ten have not developed clear strategies for targeting distressed areas.

A number of factors were identified that hinder the effectiveness of University Centers in serving distressed areas. These included the following:

- Centers generally do not use sophisticated analysis to identify the most distressed parts of their service areas or to assess the assistance needs of those areas.
- In some instances, Centers characterize entire states or very large portions of states as distressed, overlooking subregional differences in economic distress levels.

- In some cases, the effectiveness of Centers in targeting distressed areas is limited by mismatches between the needs of distressed areas and either the targeted clientele or the type of service provided by Centers. With respect to targeted clientele, some Centers serving business clients experience tensions between serving their client base and serving distressed areas. This can be a particular problem in the case of manufacturing and technology businesses. With respect to type of service, services that by nature have a very broad-based clientele, such as socioeconomic data analysis and database searches, tend to be less targeted than more customized planning, program development, and capacity-building services.
- Centers that are reactive in their servicing of clients cannot easily target distressed areas.

Other factors were identified that contribute to improving the effectiveness of University Centers in serving distressed areas:

- Certain types of institutions, such as Historically Black Colleges and Universities, are more likely than other institutions to target distressed areas.
- A small number of Centers limit their activities to narrowly defined geographic areas (e.g., urban neighborhoods, rural “colonias” along the Mexican border) selected on the basis of high distress indicators.
- Center directors have identified a number of strategies that help them more effectively target distressed areas. These include marketing and referral through organizations working in distressed areas, providing services in partnership with these organizations, use of distress criteria in project selection, and designing Center services specifically to address distressed-area needs.

The extent of a Center’s distressed-area targeting is strongly influenced by its primary mission, with Centers serving economic development organizations more targeted to distressed areas than those serving businesses. Centers that define their primary mission as serving economic development organizations are more likely to target distressed areas and spend a higher percentage of staff time serving distressed areas than Centers that define their primary mission as serving businesses. Among Centers serving economic development organizations, Centers that focus on working at the local community and neighborhood levels appear to more strongly target distressed areas than Centers focused at the regional level.

The University Center Program has not established clear performance standards or accountability mechanisms for distressed-area targeting. Centers are not provided with a common definition of distress to apply to their targeting efforts. Only some are aware of and use EDA distress criteria. Neither do Centers maintain consistent records enabling EDA to assess the level of distressed-area targeting.

Recommendation

Recommendation 7: Require Centers to develop an explicit strategy for targeting distressed areas.

EDA should encourage a higher and more uniform level of attention among Centers to the particular needs of the most distressed parts of their service areas. It should clearly and repeatedly communicate to Centers the expectation that a substantial part of a Center's activities should benefit the distressed areas identified by the Center itself. In addition, it should emphasize that benefit will be measured on the basis of actual activities rather than intent.

Centers should be required to include in their application narratives an identification of the most distressed parts of their service areas and an assessment of the critical economic development needs, issues, and opportunities of those areas. They should be required to describe how their activities will support economic development in those areas. This should include demonstrating familiarity with existing strategies and with key economic development actors. Centers should describe how their activities will support these broader strategies and relate to the activities of other actors.

EDA should give Centers discretion on the means to increase distressed-area targeting. No single set of data is likely to be useful to identifying pockets of distress in all University Center service areas. However, Centers should be expected to provide a combination of quantitative and qualitative evidence in identifying and characterizing distressed parts of their service areas.

Are the number and distribution of Centers appropriate given overall EDA budget constraints?

Conclusions

The geographic distribution of Centers does not bear a clear relationship to demand for Center services. While funding is distributed about evenly among Centers, this does not take into account differences in either the size of population and territorial coverage or the level of economic distress in the geographic areas served by each Center. This results in an unequal distribution of service burdens among Centers, as illustrated in Table 4-2.

The Program budget is insufficient to support the number of Centers currently receiving funding. The level of Center services supported by EDA funding is very limited in relation to the scale of economic development activities occurring in Center service areas. Most Centers cannot meet the demand for their services or function effectively under their current budgets.

- Centers operate on a very small scale that severely limits the volume of services they provide, their visibility in the community, and their importance within the university.
- The size of Center budgets, expressed in constant dollars, has been declining almost since the inception of the University Center Program.
- A high proportion of Centers report that demand for their services exceeds supply and that parts of their service areas are too distant to serve effectively.

Recommendations

Recommendation 8: Increase the number of Centers to fill services gaps, subject to funding availability.

If EDA is able to obtain enough additional Program funding to maintain the current number of Centers at the recommended per-Center funding levels (see Recommendation 9), it should also seek funding to establish new or satellite Centers to serve distressed areas in states that either have no Center or are underserved. This would achieve more equitable geographic access to University Center services.

States currently without Centers are Connecticut, Rhode Island, Vermont, Delaware, and Wyoming, and the District of Columbia. Because these states have relatively small populations and/or geographic size, the development of collaborative regional Centers in partnership with Centers from nearby states should be explored.

The annual cost of extending services to these states would range from roughly \$100,000 for states served by collaborative regional Centers to \$150,000 for states served by newly established stand-alone Centers. The annual cost of this effort would thus range from \$600,000 to \$900,000.

Additional funding should also be sought to extend Center services in states that already have Centers but are underserved (having large populations, geographic size, and/or levels of economic distress relative to their number of Centers). In these cases, the establishment of Joint Centers of two or more institutions (or a single institution with two or more campuses) could increase geographic coverage and/or the range of available services at a lower cost than establishing entirely new Centers. Management of these Centers should be under a single lead institution to ensure a unified organizational strategy and maximum administrative efficiency.

EDA should give Centers in underserved states the opportunity to obtain additional funding of up to \$50,000 to establish satellite Centers in collaboration with other higher-education institutions. Approximately 10 to 15 satellite Centers should be established. Using the simple measure of service levels relative to demand in Table 4–2, nine states have ratios at least 30 times greater than states with the lowest ratios, and 15 states have ratios at least 20 times greater. (One of these states already has a multiple-site Center, but it is funded at about the same level as other Centers.) While EDA may want to develop a more sophisticated formula to measure need, this is a good initial list of states to be targeted for the establishment of satellite Centers.

The annual cost of this second effort would range from \$500,000 to \$750,000.

Recommendation 9: Significantly increase the level of per-Center funding, either by reducing the total number of Centers or by increasing total Program funding.

At the current level of support, Centers operate on too small a scale to meet the demand for their services without considerable augmentation of resources from other sources. Staffing, at an average of 1.5 professional FTEs per Center, is too limited. This small scale of operations also makes it difficult for Centers to gain visibility and support from elsewhere in their host institutions. Centers need more funding to engage additional professional and technical resources

and to achieve a scale of activities more commensurate with the needs of their service areas. A continuation of level funding risks putting Centers on a path to insignificance.

Core funding for existing Centers should be increased to a minimum of approximately \$150,000 annually, from a current average of about \$104,000. This would bring EDA funding per Center, in constant dollars, to the highest level since 1980. This would accommodate a significant expansion of services and, at the same time, would not be too large an amount for Centers to efficiently absorb over a short period of time. Additional funding would, of course, be contingent on the submission of a work plan indicating how Center services would be expanded.

In subsequent years, average Center funding levels should be increased annually by an amount at least equal to the rate of inflation. This would avoid the declines in real-dollar funding that have squeezed Center budgets and resulted in service cutbacks over the past two decades.

We have developed two scenarios under which per-Center funding could be increased. The first assumes a continuation of total Program funding at current levels. The second assumes an increase of total Program funding to permit the maintenance of the current number of Centers.

Scenario One: No additional Program funding available. If additional Program funding cannot be obtained and overall funding levels remain constant, we recommend that EDA reduce the total number of Centers by dropping funding to the less-effective Centers. With an increase of average annual core funding to \$150,000, only 48 Centers could be funded under the current Program budget, requiring a reduction of 21 Centers, three to four per EDA region.

EDA headquarters staff should determine the allocation of reductions among regions in a manner that equitably distributes the remaining Centers based on such factors as population, land area, and economic distress levels. Within each region, regional staff should decide which Centers to cut based on performance reviews. While performance should be the primary criterion for funding termination decisions, the needs of the service area should be a close secondary criterion. All other things being equal, Centers serving areas with higher indicators of economic distress should be favored.

Under this scenario, EDA could view the Program as more of a demonstration program than a universal service program. Center selection would be more heavily merit-based, taking into account such factors as strategic focus, technological innovation, partnerships, leverage, sponsoring institution commitment, and replicability. There would be a lower expectation of continued funding, although Centers would still be guaranteed a minimum three years of funding. New applications would be solicited from institutions in different geographic areas so that different areas would be served over time.

Scenario Two: Additional Program funding available. It is our recommendation that additional funding be sought to increase per-Center funding to at least \$150,000 and maintain at least the current number of Centers. The additional cost to EDA of funding the existing number of Centers (69) at this level would be approximately \$3.2 million annually. Under this scenario, Centers would still be required to undergo more rigorous performance evaluation, and poorly performing Centers could lose their funding. These Centers would be replaced by other Centers through a competitive application process.

Recommendation 10: Provide merit funding to a select number of Centers, subject to funding availability.

As a means to encourage improved performance, merit funding should be awarded each year to a select number of Centers (5 to 10) that demonstrate a particularly high level of capacity, distressed-area focus, and resource leveraging. The amount could be in the range of \$50,000 per Center annually, for a total annual cost of \$250,000 to \$500,000.

Does the Program serve a unique role, or is it duplicative of programs offered by other federal agencies?

Conclusions

The Program has a unique focus among federal programs funding university assistance to organizations involved in economic development—support of broad-based economic development efforts aimed at strengthening local and regional economies, with a particular emphasis on distressed areas. Centers, for the most part, do not duplicate the focus and activities of institutions receiving other federal funds. The Program is uniquely flexible in enabling institutions to customize their services to reflect both local needs and the capacities and resources of the sponsoring institution. Unlike other programs, it does not mandate a particular type of client or service. It is also alone in its role of capacity builder and service provider to local and regional economic development organizations. As such, the Program has particular value as an incubator of innovative models of university-community partnerships in support of economic development.

Overlap between the University Center Program and other federal programs is more common in the case of business assistance than assistance to economic development organizations. While the University Center Program has a more flexible service model than other federal business assistance programs such as Small Business Development Centers and Manufacturing Extension Partnerships, some of the business services provided by Centers are similar to the services available under these other programs.

Recommendation

Recommendation 11: Require inclusion of a specific plan for leveraging external resources in Center work plans.

EDA should encourage partnerships between Centers and other service providers within the context of the mission, service focus, and internal resources of each individual Center. Centers should be required to include in their applications an identification and description of other organizations that provide potentially complementary or overlapping services. They should then be required to describe the specific steps they will take to maximize coordination and minimize duplication. Centers should also be expected to explain what particular niche their services fill vis-à-vis other service providers.

Because of the diversity of activities undertaken by the Centers, it is not appropriate to require coordination with a particular set of organizations. Coordination needs will depend on the particular set of services a Center is providing.

Are Centers effectively bringing to bear resources within the university to address the economic development needs of surrounding communities and regions?

Conclusions

Centers have had variable success in tapping other university resources, both human and technical, to support their economic development efforts. Overall, the extent to which Centers have leveraged other university resources is disappointing relative to the wealth of resources available.

- While many Centers use faculty and students extensively in their activities, a considerable minority have used them very little.
- For the most part, Centers have not made effective use of university resources outside their host administrative unit.
- Centers have had mixed success in leveraging university financial resources beyond the required match. In a given year, most do not receive additional university funding.

A number of institutional factors, including established policies, the attitudes of senior decision makers, and bureaucratic arrangements, affect the ability of Centers to tap internal university resources. Centers have paid insufficient attention to addressing institutional impediments to their effectiveness. This is particularly problematic given the need to leverage limited Center resources in order to expand the scale and impact of their activities.

Recommendation

Recommendation 12: Require inclusion of a specific plan for leveraging sponsoring institution resources in Center work plans.

One of the defining features of the University Center Program is its ability to draw from the resources of the sponsoring institution in support of local and regional economic development. EDA should encourage a more uniform level of effort among Centers to leverage the financial, human, and technical resources of their sponsoring institutions. Centers should be expected to identify the relevant resources within their institution and to determine how those resources can be mobilized in support of University Center activities.

Services that involve the use of substantial university faculty, student, and technical resources should be strongly emphasized, while services that do not do so should be de-emphasized. At the same time, core Center staff should be expected to play a substantive role in coordinating and augmenting other university resources. The Center should not simply act as a passive referral source to other university resources or as a source of project funding.

The leveraging plan should describe the resources of the university that can support its activities (schools, departments, libraries, other centers, technical resources), and should describe what resources it intends to tap and how. It should describe how existing institutional incentives will be used to engage faculty in Center activities. It should also describe how the University Center will engage with key institutional decision makers to build institution-wide support. The

plan should include a frank discussion of previously encountered and anticipated barriers, and how the Center has addressed those barriers and intends to address them in the upcoming grant period.

Because of the substantial differences in the resource levels and organizational structures of different institutions, no standard, across-the-board requirements should be imposed. However, significant commitments of university resources should be considered integral to continued EDA funding of a Center.

NOTES

- ¹ One Center did not directly conduct any qualifying activities. This Center referred requests for assistance to appropriate sources of expertise within the sponsoring institution. It did not maintain any data on the outcomes of its referrals, including whether a referral actually received assistance. Of the other three Centers, two were unable to provide client lists in time for inclusion in the survey, and the other incorporated our survey into its own client survey but was unable to complete the survey in time for inclusion in our analysis.
- ² Some names were skipped because of incomplete information. As a result, the final sample was slightly less than one-third of the total.
- ³ In FY 1999, EDA began requiring University Centers to conduct client satisfaction surveys at the conclusion of technical assistance projects.
- ⁴ The total for the three categories combined exceeds the summary total by 13 because some projects and programs fit into more than one category.
- ⁵ Economic development organizations were asked whether the assistance led them to take any actions with respect to project, program, or organizational development. Businesses were asked whether the assistance led them to take any actions with respect to business management or operations.
- ⁶ The evaluators did not independently verify this claim.
- ⁷ One Center director, the director of the Center at University of Maryland Eastern Shore, specifically noted that there was no EDD in his service area. The evaluators determined that a number of other Centers have no EDDs in their service areas. These include Centers at Hampton University, University of Illinois at Chicago, Morgan State University, University of Southern California, University of Wisconsin Milwaukee, and Rutgers University.
- ⁸ Beginning in FY 1997, EDA Technical Assistance appropriations declined from \$9.9 million to \$9.1 million. EDA has been able to maintain University Center funding at FY 1996 levels only by using other program funding, including Local Technical Assistance, Defense Adjustment, and Economic Adjustment, totaling close to \$500,000 annually.
- ⁹ This is distinguished from staff time devoted to administrative support functions.

APPENDIX A

PROFILE OF THE UNIVERSITY CENTER PROGRAM

In this Appendix, we present an overall profile of the University Center Program, based on a compilation of data on individual University Centers and of the projects and programs undertaken by Centers over a one-year time period. This profile is intended to provide a clearer understanding of the Program's basic operating parameters, and of the nature and scale of its activities.

In order to prepare the profile, the evaluators obtained file documents for each Center from EDA regional offices, including grant award documents, grant applications, and annual reports. Data were extracted from these documents relating to the overall focus, institutional structure, and operations of the Centers, and the number and characteristics of individual projects and programs. In some cases, qualitative data were classified according to categories developed by the evaluators. In particular, each project or program described in the Centers' 1998 annual reports was summarized and categorized by a number of variables related to geographic focus, client type, and project type.

Because of the large variety of projects and programs undertaken and the differing reporting formats and levels of detail provided by each Center, categorization sometimes required subjective judgments on the part of the evaluators to maintain data consistency. While some inconsistency may remain, the resulting data provide a much richer picture of the Program than was previously available.

Program Background

Purpose

The primary purpose of the University Center Program is to partner with institutions of higher education to improve the economies and economic development capacity of their service areas, with emphasis on economically distressed communities. A distinguishing characteristic of the Program is that it leverages staff, students, facilities, research capabilities, and other resources of partnering institutions of higher education. In order to receive EDA funding, Centers are expected to demonstrate "the commitment of the highest management levels of the sponsoring institution," and to undertake "activities consistent with the expertise of the proposed staff, the academic programs, and other resources available within the sponsoring institution."

EDA's investment in each University Center, an average of about \$104,000 per Center in FY 2000, requires a local match. The match often comes from a cash contribution or in-kind contribution of faculty or student time from the partnering institution. The match requirement is normally 50 percent. However, in certain instances involving high levels of economic distress in the areas to be served and/or limited resources available to the sponsoring institutions, the match requirement can be reduced to 25 percent.

In general, University Centers undertake three broad categories of activity:

- ▲ The majority assist communities or businesses through technical assistance such as strategic planning, technology transfer, and microenterprise development. Technical assistance projects are undertaken in response to direct requests by client organizations or businesses.
- ▲ Another form of assistance is applied research. This type of assistance is initiated by the University Center to address or study an economic issue in the community. It does not have a particular client.
- ▲ The third form of assistance is the dissemination of information. University Centers disseminate information to a variety of constituencies to inform them on economic development issues, local economic trends and demographics, and University Center activities. Information dissemination involves “off-the-shelf” information (e.g., studies, publications, data) distributed to a wide audience or in response to a specific request by a business or organization.

Trends in Number and Funding Levels of Centers

EDA began funding University Centers in 1966. In that year, EDA provided a total of \$563,206 to six University Centers. Although a relatively small, experimental program for its first ten years (never funding more than eight individual Centers nor reaching over \$762,000 in total funding through 1975), its investment per Center, expressed in 2000 dollars, was relatively large. For example, per-Center investment in 1970 was over \$400,000 in year-2000 dollars. (See Tables A-1 and A-2.)

As a whole, the University Center Program’s total investment grew incrementally from the mid-1970s to the early 1990s. Considerable increases occurred in 1976, 1979, and 1982. The last large increase occurred between 1991 and 1992 when funding for the Program jumped by more than \$2,750,000 in one year. Since 1992, however, total funding for the Program has only increased marginally.¹ (See Table A-1.)

Accompanying a steady increase in funding over the first three decades of the Program was an increase in the number of individual Centers. The number of Centers jumped to 16 in 1977, then to 33 by 1980, 57 by 1990, and 69 by 2000. (See Table A-1.)

Even though average funding per Center has hovered near \$100,000 in current dollars for the life of the program, the constant-dollar value has decreased steadily. Table A-2 shows average annual funding per Center by decade expressed in 2000 dollars. The amount has dropped steadily and substantially in each decade. The average per-Center funding level in the 1990s was less than 30 percent of the 1960s’ level and less than 45 percent of the 1970s’ level. Per-Center funding for FY 2000 continues the downward trend in comparison to the 1990s average (although it does represent a small increase over FY 1999).

**Table A-1:
Annual Program Funding Levels**

Fiscal Year	EDA Total \$	Number of Centers	Average EDA \$ per Center	Real \$ (2000)
1966	\$563,206	6	\$ 93,868	\$412,735
1967	\$651,428	7	\$ 93,061	\$396,693
1968	\$290,102	3	\$ 96,701	\$396,440
1969	\$517,371	6	\$ 86,229	\$338,469
1970	\$761,279	7	\$108,754	\$404,157
1971	\$192,837	2	\$ 96,419	\$340,999
1972	\$386,890	8	\$ 48,361	\$163,357
1973	\$262,338	5	\$ 52,468	\$170,187
1974	\$676,568	7	\$ 96,653	\$291,329
1975	\$122,950	3	\$ 40,983	\$111,265
1976	\$1,248,708	9	\$138,745	\$354,716
1977	\$1,548,579	16	\$ 96,786	\$233,543
1978	\$2,015,097	17	\$118,535	\$268,383
1979	\$2,814,460	29	\$ 97,050	\$203,697
1980	\$3,052,922	33	\$ 92,513	\$178,108
1981	\$759,045	18	\$ 42,169	\$ 73,757
1982	\$2,444,458	29	\$ 84,292	\$137,610
1983	\$2,260,178	28	\$ 80,721	\$126,040
1984	\$2,690,282	34	\$ 79,126	\$118,929
1985	\$2,887,126	32	\$ 90,223	\$131,131
1986	\$3,771,765	38	\$ 99,257	\$141,016
1987	\$3,640,948	39	\$ 93,358	\$129,141
1988	\$4,066,408	47	\$ 86,519	\$116,227
1989	\$4,324,675	52	\$ 83,167	\$107,347
1990	\$4,482,903	57	\$ 78,647	\$ 97,962
1991	\$4,674,168	59	\$ 79,223	\$ 94,699
1992	\$7,454,455	64	\$116,476	\$135,564
1993	\$7,297,798	64	\$114,028	\$129,643
1994	\$7,484,556	66	\$113,402	\$126,279
1995	\$7,650,252	67	\$114,183	\$124,317
1996	\$6,821,324	68	\$100,314	\$107,085
1997*	\$6,639,394	69	\$ 96,223	\$100,742
1998*	\$7,118,287	69	\$103,164	\$106,536
1999*	\$6,815,500	69	\$ 98,775	\$100,489
2000*	\$7,178,567	69	\$104,037	\$104,037

*Includes funding from Local Technical Assistance, Defense Adjustment, and Economic Adjustment programs in support of University Center operations.

Source: EDA database.

Table A-2: Average Program Funding Levels by Decade	
Fiscal Year	Average EDA \$ per Center Real \$ (2000)
1966–1969	\$386,084
1970–1979	\$254,163
1980–1989	\$125,931
1990–1999	\$112,332
2000	\$104,037
Source: EDA database.	

Institutional Characteristics

The typical University Center is located at a single campus of a state university. While some Centers are stand-alone independent entities within the sponsoring institution (i.e., not integrated into a particular school or academic department), most are sited either within a larger “parent” center with an economic development or broader community outreach focus or in a larger school or academic department.

The great majority of the University Centers, over 90 percent, are located in public institutions. Only six are located in private institutions. Ninety-seven percent (67 of 69) are located in universities. Among these, about 60 percent are traditional universities and about 40 percent are Land Grant institutions.² One school is a community college, and one is four-year college. Eight of the 69 Centers are located in historically black colleges or universities (HBCUs), and five are located in Hispanic-Serving Institutions. (See Table A-3.)

Table A-3: Institutional Form of Sponsoring Institution	
Public	91%
Private	9%
Four-Year College	1%
Community College	1%
Land Grant Institutions	39%
Universities	58%
Historically Black	12%
Hispanic-serving	7%
N=69	
Source: Centers database.	

Centers range in their length of operations from relatively mature to relatively young. Just over half of the Centers opened in the 1980s. About a quarter opened before 1980, and about a quarter opened in the last ten years. While the oldest Center opened in 1962 (prior to EDA), only five of the existing Centers opened before 1975. (See Table A-4.)

Table A-4: Year Center Opened	
1962–1979	24%
1980–1989	53%
1990–1998	24%
N=68 (One Center was unsure of which year it opened.)	
Source: Centers database.	

Centers vary in their position within the structure of the sponsoring institution. A Center’s position within the organizational structure can be viewed in two ways: its internal institutional affiliation, i.e., where it is located within the institution, and its level of seniority within the institutional hierarchy.

Most Centers have one of three forms of institutional affiliation. (See Table A.5.)

Table A-5: Position in Institutional Structure of Sponsoring Institution	
In a Department	19%
Independent	21%
In a Larger Economic Development Center	60%
N=68	
Note: One multisite Center has different institutional affiliations at each site, so is excluded from the data.	
Source: Centers database and director interviews.	

- Forty-one Centers, 60 percent of the total, are located within a larger center devoted to economic development or broader community service. These Centers are typically not located administratively within a single school or department. The budgets of these larger centers vary widely. The average budget was just over \$3 million in FY 1998, with a range of \$190,000 to \$20 million. The median budget was \$1.6 million.
- Thirteen Centers, 19 percent of the total, are located in single schools or departments.
- The remaining 14 Centers, 21 percent of the total, are independent, nonaffiliated units.

In most cases, University Centers located in larger centers are administratively and/or programmatically distinct. This is not always the case, however. Eleven of the 41 Centers located in larger units provide, in large part, services that are indistinguishable from other services of these units. Eight of these provide business assistance, while the other three provide assistance to economic development organizations.³ Of the eight providing business assistance, four are also funded by the Manufacturing Extension Partnership (MEP) Program, and one is funded by both the MEP and Small Business Development Center (SBDC) programs.

Centers also vary in their position in the organizational hierarchy of the sponsoring institution. One key measure of their position in this regard is the seniority of the director’s immediate superior. Centers fall into four basic categories in this regard:

- Twenty-eight percent of Center directors report to the head of a larger center focusing on economic development or broader community service in which the University Center is located.
- Another twenty-eight percent report to a dean of a particular college or school.
- Twenty-six percent report to a senior university administrator such as a vice president or provost.
- Nineteen percent report to a college or school official below the dean level, usually the head of an academic department.

These two classifications of organizational position are interrelated since a Center's internal affiliation is closely related to the level of seniority of the director's immediate superior.

Only four of the Centers are located in more than one university or university campus.

- In three cases, the grant is split among fairly independent subcenters, though some level of coordination exists. The Center at the University of Missouri is located in four of the university's campuses around the state, as well as in one independent, university-affiliated economic development center. Two institutions in Kansas, University of Kansas and Kansas State University, share a grant. And in Ohio, the Center at Bowling Green University shares its award with two other institutions in other parts of the state—Miami University and Ohio University.
- In the fourth case, the Center at Western Illinois University subcontracts with two other institutions to provide services under its overall direction.

Funding and Staff Resources

EDA and Match Funding

The average EDA grant to University Centers in FY 1999 was \$101,203.⁴ This was down slightly from the FY 1998 average of \$101,509. The average match amount from the host institution in FY 1999, including hard dollars and in-kind contributions, was \$71,938. This translated into a match of 71 percent. This was up substantially from \$57,658 (57 percent) in FY 1998.

Leveraging of Funding and In-Kind Resources

A minority of Centers have obtained cash commitments from their host universities in addition to the required EDA match. According to data provided by Center directors, 14 of the Centers, or 20 percent, report cash contributions above the match requirement. The average of these contributions is about \$53,000. In addition, 22 of the Centers receive in-kind donations from their host institutions that are above the match

Centers have had variable success in obtaining additional nonuniversity resources from federal and state governments and private sources. According to data provided by their directors, eight Centers received governmental funding, excluding fees, averaging about \$93,000 in FY 1998. Ten Centers received nongovernmental funding, again excluding fees, averaging about \$81,000. Thirty-one Centers earned fee income averaging about \$78,000. Six of the Centers received in-

kind support from nongovernmental sources, and one received in-kind support from government. Thirty Centers received no nonuniversity support of any kind. (See Table A-6.)

Table A-6: Resources: Support in Addition to Local Match			
Source	% Who Receive Cash	Avg. of Recipients	% Who Receive In-kind
University	20%	\$53,171	32%
Government (non-fee)	12%	\$93,375	1%
Nongovernment (non-fee)	14%	\$81,206	9%
Fees	45%	\$77,696	
Any nonuniversity support	57%		
N=69			
Source: Director Interviews			

Most Centers obtain some income by charging fees to their clients, although the amount varies widely. Twenty-five percent of Centers indicate they consistently charge for services and 53 percent charge some of the time. Twenty-two percent never charge. Those who charge fees typically use a great deal of discretion in determining the fee amount. Very few appear to have standard pricing systems. Some use a sliding scale based on ability to pay.

Staff Capacity and Other Professional Resources

Core Center staffing levels are generally low, in line with the modest level of EDA funding. Based on budget data in FY 1999 grant award documents, an average of 1.52 professional staff full-time equivalents (FTEs) and .48 administrative staff FTEs are funded with the combined EDA grant and sponsoring institution match. An estimated average .43 FTE students are also employed.⁵ Around these averages, staffing levels funded by EDA and university match dollars vary widely—from .3 to 5 FTEs.

Core professional staff typically conduct a majority of Center activities. Based on estimates by Center directors of the breakdown of paid professional time (excluding administrative staff) by category of worker, staff comprise about two-thirds of paid professional time. Students are the second largest category at 15 percent, followed by faculty at 10 percent, and outside consultants at 8 percent. However, around these averages, the percentages in individual Centers vary widely. They range from 0 percent to 100 percent in the case of core staff and consultants, 0 percent to 80 percent in the case of students, and 0 percent to 65 percent in the case of faculty. (See Table A-7.)

Table A-7: Sources of Professional Work			
	Mean	Minimum	Maximum
Staff	67%	0%	100%
Consultants	8%	0%	100%
Faculty	10%	0%	65%
Students	15%	0%	80%
Source: Director interviews.			

Project and Program Activities

Target Markets

Most Centers focus on assisting economic development organizations, although many focus on business assistance. While some Centers provide both business assistance or assistance to economic development organizations, each typically focuses primarily on one or the other. When Centers were classified on this basis, it was found that 62 percent of Centers focus primarily on assistance to economic development organizations, while 38 percent focus primarily on assistance to businesses. (See Table A-8.)

Among Centers primarily assisting economic development organizations, a large majority focus their activities, at least in part, at the municipal level. More than half work primarily at the municipal level while almost one-third do a substantial amount of work at this level. The remainder work primarily at the regional level or neighborhood level. (See Table A-8.)

Among Centers primarily assisting business, most focus their assistance on either manufacturing businesses or small businesses. Over one-third work primarily with manufacturing businesses and the same percentage work primarily with small businesses. The remaining Centers either focus on technology businesses or on businesses generally. (See Table A-8.)

Table A-8: Target Markets		
	% of total	
Businesses	38%	% of bus. assist.
Manufacturing	13%	35%
Small	13%	35%
Technology	6%	15%
General	6%	15%
Economic Development Organizations	62%	% of Econ. Dev.
Local (Municipal)	35%	56%
Local/Regional	14%	23%
Local/Neighborhood	4%	7%
Neighborhood	4%	7%
Regional	4%	7%
Source: Centers database.		

Types of Activities

As noted, University Centers are authorized by EDA to undertake three primary types of activities: technical assistance, applied research, and information dissemination. The division of Center activities among these three categories was analyzed in two ways. First, Center directors were asked how professional staff time was allocated among the three categories. Second, all projects and projects listed in FY 1998 Center annual reports were classified by category. The results are remarkably consistent.

According to Center director estimates, an average of 68 percent of professional staff time was devoted to technical assistance activities, 20 percent to information dissemination, and 12 percent to applied research. However, around these averages, the percentages in individual Centers varied widely. (See Table A-9.)

	Average	Minimum	Maximum
% Technical Assistance	68%	10%	100%
% Applied Research	12%	0%*	60%
% Information Dissemination	20%	0%*	85%
*Six Centers did not conduct information dissemination, and 24 did not conduct applied research.			
Source: Director interviews.			

The classification of Center project and program activities yielded breakdowns almost identical to the staff-time estimates provided by Center directors. A total of 684 projects and programs were reported by Centers for FY 1998. Two-thirds of these activities were classified as technical assistance, one-quarter as information dissemination, and 10 percent as applied research. (See Table A-10.)

Technical Assistance to Businesses	9%
Technical Assistance to Economic Development Organizations	58%
<i>Total Technical Assistance</i>	67%
Applied Research	10%
Information Dissemination	25%
N=684	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.	
Source: Project database.	

Technical Assistance Activities

In FY 1998, University Centers undertook 458 discrete technical assistance activities, accounting for about two-thirds of all activities undertaken during that time period. These included both “projects,” one-time services tailored to individual clients, and “programs,” more standardized services provided to multiple clients. Eighty-six percent of these technical

assistance activities involved assistance to economic development organizations with the remainder providing assistance to business. This division does not necessarily reflect the distribution of effort between these two categories of recipients. This is because activities providing technical assistance to businesses were much more likely to be programs, i.e., activities serving multiple clients, than assistance to economic development organizations. Fifty-four of the 62 business assistance activities were programs serving multiple clients.

The form in which technical assistance was delivered generally fell into five categories⁶:

1. **Customized data searches** are generally short-term engagements involving searching university or other databases for a narrowly defined piece of information (e.g., certain economic, market, or technological data) requested by a client. Limited analysis of the data is sometimes undertaken.
2. **Direct issue-specific analyses** are generally longer-term engagements involving assistance to a client in addressing a specific opportunity or problem. They could involve marketing or product development assistance for business clients, or economic or project feasibility analysis for economic development organization clients. Some of these are single engagements in response to the request of specific clients, and some are undertaken under the auspices of broader programs providing predefined services to multiple clients.
3. **Grants for issue-specific analysis** are provided by a few Centers rather than direct assistance. These grants are made either directly to an applicant or to a technical assistance provider selected by the applicant.
4. **Training** includes economic development leadership training programs for local community leaders and technical training programs for company employees. The training programs differ from information dissemination projects such as conferences and seminars in their longer duration and more rigorous outcome objectives for individual participants.
5. **Technical support** includes assisting clients with organizational development issues such as staffing, fundraising, equipment, or communications. It is typically capacity building in nature.

Some Centers provide services solely or primarily in one of the above forms, while others employ more than one form.

Technical Assistance to Economic Development Organizations

Technical assistance to economic development organizations typically involves specialized services such as assistance with the development of a specific type of economic development program, or planning for a type of specific project. More general planning and organizational capacity building assistance are secondary, but still substantial, activities. Clients are likely to be municipal governments or other organizations operating at the municipal level. The policy focus of these activities varies widely, reflecting the specialized nature of the assistance.

During FY 1998, University Centers undertook 394 distinct projects or programs involving assistance to economic development organizations.⁷ This constituted almost 60 percent of all projects and programs, and over 85 percent of technical assistance projects and programs. As noted above, technical assistance to economic development organizations tended to be in the form of discrete, time-limited projects rather than ongoing programs.

We divided these activities into four subcategories. In a small number of cases, we classified a project or program in more than one subcategory. (See Table A-11.)

- ▲ **Program development assistance** comprised the largest share of these activities, at 39 percent. These involve assisting a client with an ongoing program—either in designing, implementing, or evaluating the program.
- ▲ **Targeted planning assistance** comprised 30 percent of these activities. This involves assistance related to a specific economic development project. It could involve performing a feasibility or impact study of a project, or providing the client with assistance in either designing or implementing the project.
- ▲ **General planning assistance** comprised 21 percent of these activities. This typically involves assistance in broad-based regional, municipal, or neighborhood planning efforts.
- ▲ **Organizational capacity building** comprised the smallest share of these activities, at 14 percent. This type of assistance does not involve a specific project or program, but rather assistance in developing general organizational strategy, providing staff training, or supporting interorganizational coordination.

Table A-11: Technical Assistance Projects for Economic Development Organizations, by Project Type	
	% of all TA to Econ. Dev. Orgs.
General Planning	21%
Regional Planning	6%
Municipal Planning	14%
Neighborhood Planning	2%
Targeted Planning	30%
Feasibility Studies	10%
Project Planning/Implementation Assistance	15%
Economic Impact Studies	6%
Program Development	39%
Program Design Assistance	28%
Program Implementation Assistance	20%
Program Evaluation	4%
Organizational Capacity Building	14%
Organizational Planning/Strategy	7%
Staff Training	5%
Inter-Organizational Coordination	3%
N=394	

The largest share of Center clients operates at the municipal level. Most of these are either local governments or local nonprofit organizations. A smaller but still significant proportion operates at the regional and state levels. These include Economic Development Districts and other multicounty economic development organizations, state governments, and Indian Tribes. (See Table A-12.)

Table A-12: Technical Assistance Projects for Economic Development Organizations, by Client Type	
Municipal	36%
Local nonprofit	31%
Local public/quasi-public economic development organization	12%
Multicounty public/quasi-public economic development organization	9%
State government	8%
For-profit	4%
Indian Tribe	4%
Economic Development District	3%
Other	11%
N=394	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.	
Source: Project database.	

“Economic development” encompasses a range of policy areas, including business recruitment, small business development, and job training. Center projects were classified by policy focus within the field of economic development. Thirty-one percent of projects were classified as “general economic development.” These tend to be general planning and organizational capacity building projects. Among the remaining projects, the policy focus is wide-ranging. The two largest categories, each with 11 percent of the total, are “small business development and entrepreneurship” and “commercial and industrial real estate development.” Other significant categories include business retention and expansion, technology transfer, workforce development, business recruitment, targeted industry development, and tourism. (See Table A-13.)

Table A-13: Technical Assistance for Economic Development Organizations, by Policy Focus	
General Economic Development	31%
Small Business Development/ Entrepreneurship	11%
Commercial/Industrial Real Estate Development	11%
Business Retention/Expansion	8%
Workforce Development	8%
Technology Transfer/Technology Commercialization	7%
Business Recruitment	7%
Targeted Industry Development	6%
Tourism	6%
Community Revitalization	5%
Transportation	4%
Neighborhood Revitalization	3%
GIS	3%
Housing	3%
Infrastructure Development	3%
Brownfields	2%
Other	19%
N=394	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.	
Source: Project database.	

Technical Assistance to Businesses

Business assistance activities typically provide specialized forms of business assistance such as market and product development assistance and manufacturing process support. They are somewhat less likely to focus on more general forms of assistance such as business planning and general management assistance. Most programs do not target any particular types of businesses, although a substantial minority target smaller businesses or manufacturing businesses.

During FY 1998, University Centers undertook 62 distinct business assistance projects and programs, 9 percent of all projects and programs, and about 14 percent of all technical assistance projects and programs. Fifty-four of the 62, or 87 percent, were programs serving multiple clients, while the remainder were projects serving a single client. Most business assistance activities involved one-on-one assistance, but a few involved training programs with multiple business participation.

Thirty-eight of the 62 multiple-client programs provided data on the number of clients served. Among these 38 programs, the average (mean) number of clients served was 81, while the median was 24. The difference between the mean and median is due to a few programs that served a very large number of clients.

Each program was classified according to types of assistance provided. Most programs provided more than one type of assistance. Fifty-two percent provided market development assistance, and 48 percent involved product development assistance. Forty percent provided assistance with business planning, 39 percent with manufacturing process improvement, and 34 percent with general management assistance. Much smaller percentages focused on entrepreneurial development, facility development assistance, and loan packaging. (See Table A-14.)

Table A-14: Technical Assistance Projects/Programs for Businesses, by Project/Program Type	
Market Development	52%
Product Development	48%
Business Planning	40%
Manufacturing Process Support	39%
Management Assistance	34%
Entrepreneurial Support	11%
Loan Packaging	10%
Space	5%
N=62	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.	
Source: Project database.	

In terms of the size of the businesses assisted, 62 percent of business assistance programs did not target businesses of any particular size.⁸ Most of the remainder targeted startups and/or businesses with fewer than 50 employees. Only a small percentage targeted businesses with more than 50 employees. It should be noted that some of the programs targeted more than one of these groups, with particularly frequent overlap between those targeting startups and firms with fewer than 50 employees. In terms of industry, 57 percent of programs did not target businesses

in any particular industry sectors.⁹ Thirty-five percent targeted manufacturing businesses, and 10 percent targeted other sectors. Again, some targeted more than one industry category. (See Table A-15.)

Client Industry		Client Size	
Manufacturing	35%	Entrepreneurs	27%
High Tech Manufacturers	13%	Small (under 500 employees)	25%
Non High Tech Manufacturers	5%	Large (over 500 employees)	6%
All Manufacturers	19%	No Size Specified	62%
Other Sector	10%		
General/not specified	57%	N=62	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.			
Source: Project database.			

Applied Research Activities

Applied research activities included both economic and policy analyses. These activities focused on a wide range of economic development issues.

During FY 1998, University Centers undertook 67 applied research projects, about 10 percent of the total number of Center projects. Most of these projects involved a single product. However, at least two involved more than one product, including one that involved 16 specific reports on separate geographic areas, and another that involved two separate industry studies.

For the purposes of this evaluation, we defined applied research as activities involving general research or detailed data analysis for which there is no specific client.¹⁰ If research was conducted for a specific client, we classified it as technical assistance. Some examples of applied research include (1) conducting an economic analysis of a specific geographic area or areas and making it available to the public; (2) writing a general policy document and publishing it in an academic or industry journal; and (3) conducting research on a specific industry or cluster, except when commissioned by a client such as an industry association. Fifty-one percent of applied research activities involved economic and industry research, and 58 percent involved policy research. Some activities involved both. (See Table A-16.)

Thirty-seven percent of these projects addressed general economic development issues, with no specific policy focus. Many of these involved economic analyses. Among the remaining projects, the policy focus was wide-ranging. Twenty-one percent involved technology transfer and commercialization, 15 percent were focused on targeted industry development, 13 percent addressed workforce development, and 9 percent dealt with business retention and expansion. Several other categories each had well under 10 percent of the total. Several projects had more than one policy focus. (See Table A-16.)

Table A-16: Characteristics of Applied Research Projects	
Project Type	
Policy Research	58%
Economic Research	51%
Policy Focus	
General Economic Development	37%
Technology Transfer/Technology Commercialization	21%
Targeted Industry Development	15%
Workforce Development	13%
Business Retention/Expansion	9%
Small Bus Development/ Entrepreneurship	6%
Housing	4%
Other	18%
N=62	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.	
Source: Project database.	

Information Dissemination Activities

Centers used a range of media to undertake information dissemination activities, including meetings, publications, and data provision. The majority of these activities had a general economic development focus, with the remainder focusing most frequently on business development issues.

During FY 1998, University Centers undertook 172 information dissemination projects, about 25 percent of all projects.

For the purposes of this study, we defined information dissemination as activities that involved distributing previously developed information through various media. Some of this information was provided in response to specific, individual requests, while some was made available to a generalized audience.¹¹ Information dissemination projects were divided into five subcategories. A small percentage were classified in more than one subcategory. (See Table A-17.)

- **Organizing conferences and workshops** comprised 29 percent of activities, while various **other types of presentations** constituted 22 percent.
- Distribution of **newsletters** about Center activities or other related topics comprised 14 percent of activities, while distribution of **other publications** constituted 20 percent. In some cases, distribution of these documents occurred through Web sites.
- **Data provision** comprised 20 percent of activities. This typically involved responding to requests for the provision of preexisting, “off-the-shelf” demographic, economic, or market data. Data were sometimes distributed through publications and Web sites. This is distinguished from customized data searches, which were classified as technical assistance.

In terms of policy focus, 55 percent of these projects involved general economic development. Twenty percent focused on small business development, and 14 percent focused on business retention and expansion. Other areas of focus included technology transfer, targeted industry development, and workforce development. Several projects had more than one policy focus. (See Table A-17.)

Table A-17: Characteristics of Information Dissemination Projects	
Project Type	
Conferences	29%
Presentations	22%
Data Clearinghouse	20%
Publications	20%
Newsletters	14%
N= 172	
Policy Focus	
General Economic Development	55%
Small Business Development/ Entrepreneurship	20%
Business Retention / Expansion	14%
Technology Transfer/Technology Commercialization	8%
Targeted Industry Development	7%
Workforce Development	5%
Other	13%
N=172	
Note: Percentages add up to more than 100% because some projects and programs fall into more than one category.	
Source: Project database.	

Geographic Characteristics

The 69 University Centers are located in 45 states and the Commonwealth of Puerto Rico. Eighteen states have two or more Centers, including two with three Centers (California and Mississippi) and one with five Centers (Texas). Five states—Connecticut, Delaware, Rhode Island, Vermont, and Wyoming—and the District of Columbia, have no Centers.

Geographic Scale of Activities

Slightly more than half of Centers have statewide service areas. The rest either serve multiple regions within a state, or are focused on a particular region within a state. These are typically Centers in states with two or more Centers. (See Table A-18.)

Table A-18: Characteristics of University Center Service Areas	
Statewide	54%
Multiregional	28%
Regional	18%
Regional-Metro	7%
Regional-Nonmetro	4%
Regional-Both	7%
Urban	16%
Rural	38%
Both	46%
N=69	
Source: Centers database.	

Information dissemination and applied research projects are assumed to serve a Center’s entire service area. Among technical assistance activities, however, many serve smaller subareas within their service areas. Activities involving technical assistance to economic development organizations are particularly likely to be more narrowly focused. Almost six in ten are focused at the municipal level or below. The remainder are undertaken at the regional level or above. In contrast, business assistance activities tend to have a wider geographic focus. Almost six in ten are statewide or multistate in scope and over two in ten are regional or multiregional. Fewer than two in ten are focused at the municipal level or below.

Urban/Rural Emphasis

The Program has a somewhat more rural than urban focus when viewed on the basis of service area characteristics. EDA categorizes each Center as rural, urban, or both based on the service area. The largest percentage (46 percent) fit into the “both” category. This is roughly comparable to the proportion of Centers with a statewide focus. Among the remaining Centers, more than twice as many are focused on rural areas than urban areas. (See Table A-18.)

When viewed at the level of individual activities, the division is much more balanced between rural and urban areas. Of the 55 percent of projects and programs that serve single regions or parts of those regions, there is an almost even breakdown between those in metropolitan areas (26 percent) and those outside of metropolitan areas (24 percent). The remaining 5 percent serve areas that have both metro and nonmetro parts. (See Table A-19.)

Table A-19: Urban/Rural Focus of Projects		
Multistate	5%	
Statewide	29%	
Multiregional	12%	
Regional or Less	55%	
Regional-Metro		26%
Regional-Nonmetro		24%
Regional-Both		5%
N=684	101%	55%
Source: Project database.		

Summary

The data in Appendix A provide a clearer understanding of what the University Center Program does and how University Centers function. Several key points emerge from the data. First, Centers engage in a very wide range of activities, reflecting the broadly defined objectives and focus of the Program. Second, Centers are, for the most part, strongly oriented to direct technical assistance activities and other products with direct value to economic development practitioners and businesses, reflecting the intent of the Program. Third, Centers operate in a variety of geographic settings, although Centers serving economic development practitioners have much more of a local than a regional focus. Fourth, Centers function under a wide range of institutional and staffing arrangements. Finally, Centers operate with limited and declining resources.

NOTES

- ¹ Beginning in FY 1997, EDA Technical Assistance appropriations declined from \$9.9 million to \$9.1 million. EDA has been able to maintain University Center funding at FY 1996 levels only by using other program funding, including Local Technical Assistance, Defense Adjustment, and Economic Adjustment, totaling close to \$500,000 annually.
- ² Land Grant institutions have historically had a stronger focus on applied research and community service than other institutions of higher education. They were originally created under the land grant acts of Congress in 1862 and 1890. Land was formally granted to each state to create institutions of higher learning where the mission included “such branches of learning as are related to agriculture and mechanic arts...in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.” Today, these schools have extension offices and often receive support from the United States Department of Agriculture’s Cooperative State Research Education and Extension Service.
- ³ In some cases, these Centers did make certain distinctions between the activities of the University Center and the larger unit, but we judged these distinctions too small to be differentiated programmatically. For example, some Centers made distinctions between related types of services to similar clients, or levels of services to similar clients.
- ⁴ The average EDA grant amounts presented in this paragraph differ slightly from the amounts presented in Table A-1. These data were gathered from grant documents for individual Centers, whereas the data for Table A-1 were obtained from EDA budgets, which, in some cases, included supplemental funding provided to Centers under EDA’s Technical Assistance Program.
- ⁵ University Centers rarely listed an FTE for student staff. In most cases, they listed the number of student positions paid with EDA funds. In order to convert the number of positions to an FTE, we made an assumption that students worked 15 hours per week for 9 months out of the year. With a 40-hour workweek, this equates to .28 FTE over the course of a year ($15/40 \times 9/12$).
- ⁶ These categorizations are drawn from analysis of both quantitative and qualitative data regarding technical assistance activities. The division of activities among these categories was not quantified.
- ⁷ For the purposes of this evaluation, we defined technical assistance to economic development organizations as activities that involved direct work for a client, excluding direct business assistance. The definition also excludes very short-term assistance such as a request for information or participation in a group training. In conversations with the Center directors, it was apparent that each Center defined technical assistance in its own way. For consistency, we used our own definition.
- ⁸ It is possible that some programs that did target businesses by size were not described as doing so in the annual reports.
- ⁹ It is possible that some programs that did target businesses by industry were not described as doing so in the annual reports.
- ¹⁰ In conversations with the Center directors, it was apparent that each Center defined applied research in its own way. For consistency, we used our own definition.
- ¹¹ As with other categories, our definition did not always match those of the Center directors. We used our own definition for consistency. Our definition was also somewhat different than that used by EDA. While EDA has traditionally defined information dissemination as not having a specific client (in contrast to technical assistance), our definition was based on the nature of the assistance provided. If the Center was involved in distributing previously developed information, whether or not requested by a single client or made available to multiple clients, we classified it as information dissemination.

APPENDIX B:

CLIENT SURVEY RESULTS

Table B-1: Responsiveness of Center to Client Needs			
	All	Business Clients	Economic Development Organization Clients
Very Responsive	75.7%	70.9%	82.2%
Somewhat Responsive	17.8%	20.0%	14.9%
Marginally Responsive	5.0%	7.8%	1.1%
Not at All Responsive	1.5%	1.3%	1.7%
	100.0%	100.0%	100.0%
	N=404	N=230	N=174
Note: Statistically significant at 90% level.			
Source: University Center Client Survey.			

Table B-2: Satisfaction with Center Assistance			
	All	Business Clients	Economic Development Organization Clients
Satisfaction with the Timeliness of Center Work			
Very Satisfied	77.3%	74.1%	81.5%
Somewhat Satisfied	19.7%	22.4%	16.2%
Somewhat Dissatisfied	1.5%	2.2%	0.6%
Very Dissatisfied	1.5%	1.3%	1.7%
	100.0%	100.0%	100.0%
	N=401	N=228	N=173
Satisfaction with Quality of Center Work			
Very Satisfied	76.1%	71.9%	81.6%
Somewhat Satisfied	19.7%	22.4%	16.1%
Somewhat Dissatisfied	2.5%	3.9%	0.6%
Very Dissatisfied	1.7%	1.8%	1.7%
	100.0%	100.0%	100.0%
	N=402	N=228	N=174
Note: Statistically significant at 90% level.			
Source: University Center Client Survey.			

Table B-3: Duration of Technical Assistance		
	Business Clients	Economic Development Organization Clients
Distinct Assignments*	63.7%	41.5%
Ongoing Assistance*	26.9%	39.0%
Both	9.5%	19.5%
	100.0%	100.0%
	N=201	N=164
*Clients interviewed received assistance at some time during the period 1995–1999. Those who received assistance in the form of “distinct assignments” received assistance in one or more separate and distinct instances during this period. Those who received “ongoing assistance” received some form of assistance on an ongoing basis throughout this period.		
Source: University Center Client Survey.		

Table B-4: Number of Distinct Technical Assistance Assignments		
	Business Clients	Economic Development Organization Clients
1	59.3%	40.8%
2	20.7%	24.5%
3–5	17.1%	23.5%
>5	28.6%	11.2%
	N=140	N=98
Source: University Center Client Survey.		

Table B-5: Likelihood of Using Center Assistance Again			
	All	Business Clients	Economic Development Organization Clients
Definitely Use	65.7%	55.3%	79.3%
Probably Use, But Also Consider Other Options	27.4%	34.6%	17.8%
Possibly Use If Other Preferable Options Don't Work Out	4.2%	7.0%	0.6%
Definitely Not Use	2.7%	3.1%	2.3%
	100.0%	100.0%	100.0%
	N=402	N=228	N=174
Note: Statistically significant at 90% level.			
Source: University Center Client Survey.			

Table B-6: Actions Taken as a Result of Center Assistance			
	All	Business Clients	Economic Development Organization Clients
Were actions taken as a result of Center assistance?			
Yes	74.0%	63.9%	87.4%
No	26.0%	36.1%	12.6%
	100.0%	100.0%	100.0%
	N=404	N=230	N=174
If yes, magnitude of actions taken in follow-up to assistance:			
Major	40.2%	30.3%	49.7%
Moderate	50.7%	55.2%	46.4%
Minor	9.1%	14.5%	4.0%
	100.0%	100.0%	100.1%
	N=296	N=145	N=151
If no, to what degree did lack of action result from a problem with the Center's assistance?			
Primary Reason	8.0%	7.1%	11.1%
Part of the Reason	17.0%	21.5%	0.0%
Not at All the Reason	75.0%	71.4%	88.9%
	100.0%	100.0%	100.0%
	N=88	N=70	N=18
Note: Statistically significant at 90% level.			
Source: University Center Client Survey.			

Table B-7: Results of Actions Taken in Follow-up to Center Assistance			
	All	Business Clients	Economic Development Organization Clients
Were actions taken long enough ago to produce results?			
Yes	65.4%	68.7%	63.2%
No	28.9%	23.1%	32.9%
Not sure	6.0%	8.2%	3.9%
	100.1%	100.0%	100.0%
	N=301	N=147	N=152
Success in achieving expected results:			
All or most of expected results	58.8%	49.0%	68.8%
Some of the expected results	39.2%	46.9%	31.3%
None of the expected results	2.1%	4.1%	0.0%
	100.1%	100.0%	100.0%
	N=194	N=98	N=96
Note: Statistically significant at 90% level.			
Source: University Center Client Survey.			

Table B-8: Greatest Contributing Factor to Decision to Obtain Assistance from University Center			
	All	Business Clients	Economic Development Organization Clients
Could not find any other organization providing similar assistance	19.8%	26.1%	13.2%
Could not find other organizations providing similar assistance with same quality	31.5%	27.9%	35.2%
Could not find other organization providing similar assistance at a comparable price	26.5%	35.2%	17.6%
Could not find other organizations providing similar assistance that was easily accessible	18.8%	7.9%	30.2%
Could not find other organizations providing similar assistance that was offered at a convenient time	3.4%	3.0%	3.8%
	100.0%	100.1%	100.0%
	N=324	N=165	N=159
Note: Not statistically significant at the 90% level.			
Source: University Center Client Survey.			

Appendix C:

Case Studies

ARKANSAS STATE UNIVERSITY

CENTER FOR REGIONAL AND COMMUNITY DEVELOPMENT

Service Area Characteristics

The Center for Regional and Community Development (CRCD) at Arkansas State University (ASU) serves a large portion of one of the poorest regions in the country—the lower Mississippi Delta. Although the Center officially serves the entire state of Arkansas, its primary service area consists of 26 counties in the northeast corner of the state, all within the “alluvial plain of the Arkansas Mississippi Delta.”

A number of indicators, including unemployment, poverty, and outmigration rates, all point to the high level of distress in the area. In 1998, 71 percent of the counties in the Delta had unemployment rates above the state average, and 34 percent had rates of more than double the national rate. Six of the nine counties in the state with unemployment rates over 10 percent are in the Delta. Furthermore, within CRCD’s primary service area are 13 of the 20 counties with the highest poverty rates in Arkansas. The poverty rates in these counties ranged from 24.9 percent to 47.3 percent. Lastly, while the total population of the state of Arkansas grew by 8 percent between 1990 and 1998, 84 percent of the counties in the state that saw a population decline over this period are in the Delta.

The two largest cities in the area, Jonesboro and Pine Bluff, have populations around 50,000. Much of the area is rural and agricultural, with industrial development in many of the towns. A variety of sources indicate that major economic development issues are a lack of human capital and a lack of sophistication needed to carry out economic development efforts. Small towns have few people who can conduct economic development analysis, access available resources, or bring together stakeholders towards a single goal. Parochialism and lack of cooperation between distressed towns is another large problem. In this part of the state, a number of people noted that there is also a general sense of resignation to the status quo. Residents often do not believe that they can solve their community’s problems, and expect that they will be taken care of by more powerful people.

Profile of the University Center

The Center staff consists of two professionals and one administrative support person. Jerry Smith, the director, has been there since the creation of the program in 1989. Conye Johnson, the other professional staff member, has been there about eight years. She concentrates primarily on coordinating the Regional Leaders Program (RLP). While the director of the Center reports that running the RLP involves about 40 percent of the staff’s work, it appears that many of the other activities of the Center flow from the RLP. Many people around the state first learn about the Center through their participation in the RLP. They then go to the Center for follow-up services. During the 11-year history of the Center, it has been housed in various locations within the university. At its inception, the director’s immediate supervisor reported directly to

the university president. It is currently under the associate vice president for academic affairs. CRCDD is housed in an off-campus building with a number of other economic development centers. These include a manufacturing extension office and a small business incubator. There are also economic development entities in the university that are housed in other buildings, including an SBA-funded Small Business Development Center. While the EDA University Center often refers people to these other centers, all appear to operate fairly independently without much integration of activities.

At the time this case study was written, CRCDD was about to be moved again. As part of a long-planned consolidation, all of the economic development centers at ASU were to form a more unified “Delta Center for Economic Development.” Each of the existing centers would report to the director of this new center, who would, in turn, report to the dean of the College of Business.

The centerpiece of CRCDD’s activities, the RLP, seeks to address the lack of civic infrastructure through an extensive leadership training program. The staff believes that effective community leadership is an integral part of economic development, and that local residents must be empowered to address the issues in their communities. CRCDD supplements the RLP by offering a range of planning and economic development services. These include assistance in developing community strategic plans, community attitude surveys, starting up local leadership programs, and other related services as requested. On a less formal basis, clients call upon the CRCDD staff for advice on an array of community and economic development issues, or for contacts that might be able to help solve a variety of community-related problems. The staff of the Center are active participants in an extensive network of economic development officials, thus it can offer an array of contacts throughout the state.

The RLP is a nine-month program involving a cohort of 30 to 40 participants in monthly sessions that last either one or two full days. Since the inception of CRCDD in 1989, there has been at least one RLP course per year. Before this past year, CRCDD only had the resources to offer the RLP to people in the northeastern part of the state. This year, however, it obtained funding from a foundation to offer two RLP classes, one in the North Delta and the other in the South Delta. RLP sessions cover an array of subjects: Dealing with the Media, Accessing Resources in the State, Teamwork in Community Development, Facilitation Skills, Problem Solving, Managing Projects, and Grantwriting/Getting. Center staff also offer a “table hop” session in the state capital where participants can talk to a variety of funders and economic development officials from around the state.

University Center Role in Addressing Local Economic Development Needs

CRCDD states in its scope of work for EDA that its mission is to serve distressed communities. While it does not appear to have specific policies that require it to prioritize working with distressed communities, the entire primary service area is quite distressed. As indicated earlier, the lower Mississippi Delta is one of the poorest regions in the country. Furthermore, RLP participants are diverse—about 25 percent are minorities.

The Center was praised by all who were interviewed for this case study. Economic development officials from state government and a statewide foundation argued that the Center is

addressing important needs, is effectively integrated into the regional economic development system, and is focused on serving distressed areas. Furthermore, clients find the RLP and other services very valuable, and most found the RLP personally transformative.

Clients and other economic development officials agree that the lack of civic infrastructure is a large problem in Arkansas, especially the rural regions of the lower Mississippi Delta. The Arkansas Community Foundation, a statewide organization, analyzed the key factors that affected the performance of its nine more localized affiliate foundations. The most important factor was the nature and experience of the leadership of the local groups. The rural nature of Arkansas is such that people are extremely isolated and have little idea of the resources that are available to them. This isolation brings distrust of people in neighboring towns and other parts of the state. It makes regional cooperation more difficult, and results in few people understanding how to “get things done.” Without good, effective leadership, therefore, at the local level, communities will continue to have a difficult time overcoming poverty and economic stagnation.

The Regional Leaders Program directly addresses this leadership issue. The curriculum teaches people how to be leaders, how to solve community problems, and how to access resources. Also, the process of going through the program with a cohort of leaders from throughout the Delta breaks down long-held barriers. A lasting, regional network is developed, and leaders can draw on and learn from each other over time. There is an alumni association of the program that extends the network to all 350 people who have completed the program since its inception.

The table-hop, which introduces participants to resources available around the state, also breaks down parochial barriers and increases the network of RLP participants. Graduates of the program have personal interactions with people from state government and other funders. They begin to realize that they are simply a phone call away from many resources and services to which they are entitled, but unaware.

Another benefit of the table-hop, as well as the use of statewide economic development officials as RLP trainers, is that it ensures that CRCDD staff stay in communication with a broad network of professionals and providers. This regular contact promotes collaboration on other projects, and works to ensure that duplication of services is minimized. At the same time, the table-hop introduces participants to providers who may be able to better meet their specific needs. One RLP participant noted that he no longer felt the need for CRCDD services because he had learned about so many other providers that are available to him.

Satisfaction with the RLP and the other services of CRCDD manifests itself in a number of ways. A large portion of the participants come as referrals from past participants. One town funds one to two participants in the program each year. Some RLP participants have gone on to start more localized leadership programs in their own towns. Others go on to use the additional services of the Center. One interviewee stated that CRCDD staff command a lot of loyalty by running such an effective program.

Another aspect of the program is the personal transformation that occurs for some participants. Many, including at least one mayor and one state representative, have decided to go into politics as a result of the program. One individual indicated that he “never would have considered running for elective office if it were not for RLP.” He also said that it “empowered me

and taught me that I could bring about change that I never thought was possible before.” Another stated that the year he was involved in the program was “a highlight year in my life.” Participants frequently mention on their evaluation forms that they made lifelong friends through the program. Of course, the program is not for everyone, and a small number drop out after a few sessions. Nonetheless, most participants who stick with it seem to have very positive experiences.

While there are some specific programmatic and organizational changes that come about because of the Regional Leaders Program, its greatest impact has been to positively change the community and economic environment in the home towns of program participants. Two mayors, for example, who participated in the program, discovered ways they could learn from one another’s experiences. One shared his strategies and successes in recruiting industry to his town. The other passed on his knowledge of how to develop community festivals.

CRCD’s other technical assistance activities have also brought about concrete results. One town that conducted a community-needs survey was surprised to find that residents in this very conservative, anti-tax town supported an increased sales tax that would target road improvements and economic development. With such a visible demonstration of local support, the town council and mayor decided to pass the sales tax, and now the town is receiving about \$60,000 per month in revenues. This is a significant amount of money for a town of 6,500. Another example of CRCD’s TA activities is a merchants group that asked CRCD for specific strategies to improve its downtown commercial district. The group implemented most of the changes recommended by Center staff, and has seen an increase in sales as a result of these actions. Center staff are also proud of their ongoing work with a community development corporation to develop a successful shiitake mushroom industry in the CDC’s service area. Having participated in multiple stages of this development, CRCD recommendations have played an important part in the success of that group.

The Center has accessed only a modest amount of additional resources to supplement the University Center grant. Over the years, it has received several state grants. One grant was used to pay for the services of university faculty to consult with local communities. The CRCD also played a lead role in the university’s successful application for a large state grant to fund the new Delta Center for Economic Development. Similarly, it secured funds from EDA to help the Delta Center develop a strategic plan for working with Delta communities. It was awarded a few foundation grants to expand its activities, including a recent grant to offer a southern Delta RLP (an addition to the long-running northern Delta RLP).

University Center Role in Mobilizing University Resources

A few faculty are involved in the Center. For example, a faculty member in the Political Science Department worked with various CRCD clients to survey and analyze community attitudes. These surveys are often used as part of a community’s strategic planning process. The chair of the Department of Radio and TV annually teaches the RLP session on dealing with the media. A class in his department has produced promotional videos for various CRCD clients. Student involvement has included participation with faculty on the projects mentioned above, as well as through a short-lived internship placement program.

On the whole, CRCDD has accessed university resources on only a limited scale. The Center does draw on faculty and students to do work for the Center, but this involvement comprises only a small portion of the Center's overall work, perhaps 10 percent. The Center's relationships with faculty are principally ad hoc in nature. Furthermore, only a small portion of the clients interviewed as part of this case study thought of the university as a resource they could draw upon to help solve economic development problems. Center staff concentrate their efforts on running the RLP and offering services directly to clients. They spend little time trying to find faculty or students who would offer services.

The university does encourage community involvement—community service is a factor in tenure, promotion, and compensation decisions, and faculty can get release time from teaching if they are involved in community activities. However, there are internal barriers that impede extensive faculty involvement in the community. For instance, faculty often want to be reimbursed at a fairly high rate for their services. Many of the communities are reluctant to pay these rates. In some instances, the faculty release program allows faculty members to do community work while being paid by the school. However, this imposes costs on the faculty members' departments, which must hire replacements to teach the "released" faculty members' classes. Departments are reluctant to grant such releases when there is no additional funding available.

There are few sources of funds to overcome these economic hurdles. Because the university's "match" is mainly in-kind services, such as free rent and waiving the school's overhead rate, most of the University Center funds go towards paying staff. This leaves limited funds for subsidizing the cost of faculty and student services. In addition, there appears to be limited pressure from the administration for faculty to lower their rates or for departments to be more lenient with their release policies. While promotion and compensation policy takes into account community service, it is officially weighted less heavily than research and teaching. Furthermore, community service has been defined broadly, with little focus on the type of work CRCDD performs.

The reorganization into the Delta Center for Economic Development may increase CRCDD's ability to access university resources for the community. Organizationally, CRCDD will be within an academic college (currently, it is quite independent). This will bring the Center closer to academic resources. There is a new dean of the College of Business, and he has stated that one of his main goals is to encourage faculty to work more in the community. He has hired a new associate dean of graduate business programs whose specialty is increasing the use of client-based projects in graduate classes. He has also told faculty under his jurisdiction that the definition of community service will be narrowed to only include substantive involvement related to a faculty member's expertise. The reorganization will not only increase accessibility to academic resources, but potentially to ASU's existing economic development centers as well. One of the goals of the new Delta Center is to increase coordination among these entities.

Factors Influencing University Center Performance

Overall, the Center for Regional and Community Development is quite effective, given the context of a rural, under-resourced state, and limited support from its university. The staff carry out their responsibilities in a superb manner, and client feedback supports this assessment.

There are several factors that influence the Center's performance:

1. ***Appropriateness of program activities.*** CRCDC provides services that are appropriate for and valuable to rural communities in Arkansas. Because the capacity of clients throughout the region precludes advanced economic analysis and intervention, CRCDC instead provides more basic assistance. Staff introduce clients to the field of economic development, and help them understand how appropriate strategies are a key part of bringing about favorable economic changes in a community.
2. ***Quality and commitment of the staff.*** The staff appear highly qualified to carry out their activities. Both professionals have been with the Center for many years, and receive high praise for their performance. They clearly believe in the overall goals of the program, as well as in their methods for reaching those goals. The success they have in reaching RLP participants goes beyond what occurs in typical training sessions.
3. ***Focus on leadership.*** The Center focuses strategically on the issue of leadership development, and giving people the tools they need to revitalize their community. By building a solid core of leaders in the region, Center staff believe such a focus will have a deeper and more lasting impact on community and economic development.

Interviews

Dr. Jan Duggar, Dean, ASU College of Business

Mr. Richard Carvell, Chairman, ASU Radio & TV Department

Mr. Wendell Kimbrough, Pocahontas Citizen Survey Project

Dr. Jerry Linnstaedter, ASU Associate Vice President for Academic Affairs

Mr. Richard Spelic, Exec. Director, East Arkansas Planning & Development District

Mr. Mike Metcalf, Newport Chamber of Commerce Leadership Institute

Ms. Pat Lile, President, Arkansas Community Foundation

Ms. Libby Doss, Arkansas Department of Economic Development

Mr. Barry McQuin, Conway County 2020 Project

Ms. Willette Romious, MSDC Community Partnership

Mr. Ken Patterson, Forrest City Leadership Institute

Jerry Smith, Director, ASU Center for Regional and Community Development

AUBURN UNIVERSITY

TECHNICAL ASSISTANCE CENTER

Service Area Characteristics

The Auburn University Technical Assistance Center (ATAC) provides technical assistance to Alabama businesses, industries, and other organizations in order to accelerate the rate of economic progress in the state. ATAC seeks to serve all of Alabama's 67 counties and has specific responsibility to serve a nearby eight-county area as part of a specially-funded initiative to provide technical assistance to the manufacturing industry. Although ATAC is located in the far eastern part of Alabama, the Center has used a number of methods to reach businesses across all of Alabama.

Alabama has experienced vigorous economic growth in recent years. The state, however, still lags the nation in overall economic prosperity. This past year, Alabama's unemployment rate averaged 4.6 percent, almost 10 percent higher than the national average. Forty-one of the state's 67 counties experienced unemployment rates higher than the national average and seven of these counties had rates exceeding 10 percent. In addition, Alabama continues to be one of the least developed states in the United States: per capita income that is only 84 percent of the national average; a poverty rate that is almost 40 percent higher than the national average; and a population where almost 33 percent of adults have a high school education or less. Although Alabama has a higher rate of manufacturing employment than the United States as a whole, the manufacturing sector is generally characterized by low-skilled positions and branch plant operations. Many of Alabama's traditional industries such as textiles and primary metals have declined substantially in recent years.

Many Alabama communities also suffer from an economy based on small farms and subsistence agriculture. These economic conditions require strategies to improve local infrastructure, to raise the education and skill levels of workers, to create new businesses, and to help existing businesses become more competitive by improving their management and operational practices.

Profile of the University Center

Auburn University is a land-grant institution with a strong history of serving the state. It has strong intellectual resources among its 1,000 professors and 150 areas of academic discipline. Located in eastern Alabama, it has a student body of 22,500, and is noted for its specialties in engineering, agriculture, and forestry. ATAC enables the university to extend its service from helping farmers and communities to helping businesses. Thus, ATAC serves as a complementary organization to the university-based Alabama Cooperative Extension System.

The purpose of ATAC is to promote economic development by bringing the expertise and resources of Auburn University to address the development needs of businesses, industry,

and other organizations in Alabama. Since its inception in 1976, ATAC primarily has provided hands-on technical assistance to small and medium-sized businesses. The effort was enhanced in 1995 as ATAC helped create and then joined the Alabama Technology Network (ATN) to become one of 10 centers within the state charged with delivering technical assistance to manufacturing firms. This effort is part of the U.S. Department of Commerce's Manufacturing Extension Program (MEP). Since that time, ATAC has more than tripled its funding base and now has an annual budget of approximately \$800,000. These additional funds allow ATAC to serve more firms than in the past. It also means that ATAC can use the MEP funds to solely address the needs of manufacturing, while using the EDA's resources to address multiple sectors.

ATAC is housed within the College of Business and makes extensive use of the faculty, students, and resources throughout the university. Over the years, ATAC has engaged other faculty and colleges of the university in its work. ATAC operates with eight full-time staff, six of whom are professionals. Professional staff have the responsibility of identifying business needs, arranging for appropriate assistance, and managing the delivery of services. ATAC staff serve as project managers and, in some instances, deliver technical assistance to client firms. During the course of a year, ATAC reaches over 200 firms and provides concentrated technical assistance (over eight hours) to approximately 40 firms.

Although firms are not charged for up-front contacts, assessments, and limited assistance, in most instances firms are expected to pay for concentrated assistance. Client fees are necessary to pay faculty and others for their consulting expertise. Faculty are engaged when a specific technical competence is needed to conduct a project. For example, ATAC may use engineering faculty to design and test production processes, or business faculty to develop new accounting and inventory control procedures. Students are used for general research and project support functions. Because of its extensive outreach across the university, ATAC is able to address a wide variety of business needs, from management and manufacturing production issues, to product development, research, and analysis. In addition, ATAC, as part of the ATN, has access to other technical assistance centers across the state that can be called upon to provide assistance that may not be available from Auburn University.

University Center Role in Addressing Local Economic Development Needs

Almost 90 percent of ATAC's technical assistance efforts are directed at private businesses. In addition, almost 75 percent of the businesses served are manufacturing firms, a requirement of the ATN/MEP program.

The need for business assistance in Alabama is widespread. The needs vary across the state with some small firms in rural areas needing technical assistance on general accounting, management, and operating practices. Firms in metropolitan areas have more specific needs on technology and manufacturing issues. ATAC is prepared to assist all of these firms. During the 1996–98 period, ATAC reported that most of its assistance to firms was evenly split between management and operations assistance and technology transfer. The Center does not help firms develop business plans. Instead, it refers firms to Alabama's extensive system of SBDCs.

As part of the ATN, ATAC is one of ten centers designated to deliver technical assistance to manufacturers. Although the ten centers have targeted geographic service areas (as

noted earlier, ATAC serves an eight-county region surrounding Auburn University), each center operates as part of a network that is designed to connect firms with the best available technical assistance in Alabama. Thus, ATAC may be called upon by other centers to bring specific expertise to a firm in their service area and ATAC may respond in kind. For example, ATAC recently referred a plastics manufacturer in its service area to the University of Alabama at Huntsville. Faculty at Huntsville produced a prototype part requested by one of the plastic manufacturer's key customers.

ATAC's current outreach efforts to identify firms that may need and want assistance are primarily conducted by in-house staff and students. This consists of mailings, phone calls, presentations at local meetings, and referrals from other development organizations. ATAC does attempt to target its outreach to more distressed counties, as well as minority- and women-owned firms. The distressed areas are determined by an ATAC-generated economic index that takes into account a number of factors such as unemployment, wage rates, migration, and dependence on public assistance. The top three counties receive concentrated outreach attention. Similarly, specific efforts are taken to identify minority- and women-owned firms across the state and to target special marketing efforts to these businesses. The results, however, have been limited. One reason is that many women- and minority-owned firms are not internally prepared or able to engage the services of an outside entity. Also, they may not be able to cover the costs of services.

Although ATAC can draw upon a multitude of Auburn faculty to address the specific needs of a business, a firm has to pay for those services, particularly when it involves concentrated technical assistance. The typical ATAC methodology, which is similar to that used by many such groups participating in the MEP program, calls for the Center to conduct an initial assessment of a firm's needs. This assessment is free and can result in some form of information-sharing or very limited technical assistance (less than eight hours) at no charge. Examples of no-cost technical assistance include helping a firm learn how to calculate inventory turnover or assess its material requirement systems.

The costs for a typical technical assistance project include the fees of an expert consultant, expenses, and a small fee for ATAC project management services. The principal cost is for the expert consultant. ATAC client firms may pay consulting fees that range from \$30 to \$100 an hour for projects needing as much as 40 to 50 hours or more of assistance. These rates and the overall costs can be similar to the costs of private-sector assistance. Although the university does not want to compete with private-sector consultants and it does seek to control the level of outside income faculty members can earn (preferring they focus on teaching and research as opposed to consulting), specific policies on these issues have not been formulated. ATAC has only a modest ability to subsidize firms that have significant needs, but limited ability to pay. ATAC has no formal policies on when it might choose to subsidize or cost-share on a project, and it does not, by policy, offer subsidies for firms in targeted counties or those that are owned by minorities and women.

About 10 percent of ATAC's technical assistance projects are directed at public-sector organizations. These can include local governments, multicounty development organizations, and other nonprofits. The primary focus of ATAC's efforts here revolve around helping the groups improve their overall management and operational practices. For example, for one multicounty

development group that maintained a fleet of vehicles, ATAC helped the group install a vehicle use and repair tracking system so that the organization could better manage its cost. The Center also worked with a local community to develop a festival that now attracts over 10,000 visitors.

Because ATAC is part of the ATN/MEP system, it maintains detailed outcome data on the results of assistance. This includes data on jobs, increased sales and revenues, capital investments, etc. Such data, however, are not required or reported to EDA. ATAC does, however, conduct EDA-requested client satisfaction surveys and consistently reports strong satisfaction with the responsiveness and quality of its assistance.

University Center Role in Mobilizing University Resources

ATAC is perceived as an important asset of Auburn University and as a key resource for addressing the needs of businesses in the state. The university contributes almost half a million dollars annually to ATAC, and those funds serve as a match for outside funding from EDA and the ATN/MEP program.

As noted earlier, ATAC has a long history of working with other colleges and departments across the university. At one point the Center had a formal working relationship with the Engineering Extension Service in the College of Engineering, the Economic Development Institute, and the Alabama Cooperative Extension System. This partnership was referred to as the Auburn Industrial Extension Service. This partnership allowed ATAC easy access to over 100 engineers, and it helped establish formal relationships with extension agents in 28 Alabama counties. As noted in one university publication, the goal of this partnership was “to provide Alabama’s small and medium-sized manufacturing enterprises with convenient and cost-effective access to high-quality technical and business assistance, workforce training, and advanced technology.”

Although the formal partnership among these organizations is now dissolved, ATAC still works with these organizations on an as-needed basis.

Efforts are currently underway to reconstitute the outreach partnership between the Colleges of Business and Engineering. This will result in a jointly administered outreach and continuing education entity. ATAC will be part of that organization and maintain its current functions. The partnership with the Cooperative Extension Service no longer functions and, as such, ATAC has lost a highly touted outreach capacity that was recognized nationally as an innovative program feature. This loss requires ATAC to assume greater responsibility in-house for outreach and to develop stronger ties with the other ATN centers in order to identify clients across the state.

ATAC has been quite successful in engaging faculty and students in its work. A number of faculty choose to participate with ATAC on consulting assignments. They do this despite the fact that they can do outside consulting on their own. A number of factors contribute to faculty choosing to work with ATAC: the quality of the ATAC’s work; the Center’s access to clients; the chance to bring students into projects; and the fact that ATAC serves as the project manager and, thus, handles all client relationship issues and university paperwork requirements.

There are no specific incentives to encourage faculty to conduct outreach activities either through ATAC or on their own. Although Auburn University acknowledges that community

services and outreach are an integral part of the university's mission, faculty are typically evaluated and promoted based on their teaching and research skills. A recent movement within the university resulted in the university senate adopting a new policy that gives equal weight to research and outreach/service activities. It remains to be seen how this policy will be implemented and whether it will lead to rewarding faculty for their outreach activities.

ATAC does utilize students in its program as five MBA students annually have paid assistantships to work for the Center. The students engage in a variety of activities including marketing and outreach, as well as specific tasks on certain technical assistance projects. On average, the students work 20 hours a week and are involved with the Center for a year to 18 months.

Factors Influencing University Center Performance

There are several factors that positively influence the Center's performance:

- i. Financial resources and support.* Auburn University's financial and institutional support for ATAC has resulted in the Center becoming a significant source of technical assistance for businesses growing and expanding within Alabama. Over the years, ATAC has also been able to leverage other resources to support and enhance its overall mission. EDA support has provided an important foundation of core support for these efforts.
- ii. Institutional relationships.* By helping to create and by joining Alabama's ATN/MEP system, ATAC has been able to significantly expand its resource base and serve many more clients than before. It also has linked the Center more integrally with similar entities across the state. These relationships solidify ATAC's focus on serving businesses, which is consistent with the outreach capacities of Auburn University. Within the university, ATAC also works with the Center for Government Services and an Economic Development Institute (EDI). These organizations provide technical assistance to governments and economic development organizations throughout the state. The EDI is particularly focused on helping local economic development organizations improve their policies and practices relative to sustainable economic growth.

There are also factors that limit the Center's influence:

- i. Cost of services.* ATAC charges clients for concentrated technical assistance, and has done so for many years. Although it has served many clients successfully, it is unclear how many other firms in the state may need and could benefit from ATAC assistance, but cannot afford the cost of the service. This may be particularly important to firms located in the most distressed counties and those operated by minorities and women. ATAC might be able to serve more needy firms if it had greater capacity to subsidize the cost of concentrated technical assistance.
- ii. Networking challenges.* As noted earlier, ATAC no longer has a formal working relationship with county extension agents who performed important marketing and outreach functions in the past. As a result, ATAC's outreach efforts now rely more on in-house staff and the overall ATN network. ATAC could look elsewhere to develop networks for marketing and outreach. For example, most of the multicounty development

districts operate revolving loan funds. Based on several interviews with the districts, they would be pleased to have ATAC work with them in order to better serve their existing client base. Utilizing the network of these multicounty development organizations could, therefore, give ATAC almost universal access across the state of Alabama.

Interviews

Henry Burdg, Director, Auburn Technical Assistance Center

Clint LeNoir, Mark Clark, and David Mixson, Auburn Technical Assistance Center

Mark Stevens and Pam Grizzard, Reliable Plastics

Lisa Mecsko-Sandt, Lee-Russel, Council of Governments

Stephanie Granger, Prolific Plastics

Andy Barnette, Auburn University faculty

Dwight Norris, Auburn University faculty

William Sauser, Associate Dean for Outreach, Auburn College of Business

James Curtis, Executive Director, East Alabama Regional Planning and Development Commission

Bill Haynes, Opportunity Center-Easter Seal (purchasing agent)

Judy Brown, Montgomery County Agriculture Extension Agent

Pat Rankin, Southeastern Cheese, LLC (corporate treasurer)

UNIVERSITY OF COLORADO AT BOULDER

BUSINESS ASSISTANCE CENTER

Service Area Characteristics

The University Center at the University of Colorado at Boulder, known as the Colorado University Business Assistance Center (or CU-BAC), serves the entire state of Colorado. Most of its work, however, is concentrated in the Front Range, a region containing most of the state's population and economic activity. This region stretches in a corridor from Pueblo in the south through Colorado Springs, Denver, and Boulder to Fort Collins in the north.

The state of Colorado has a population of about 4.2 million. About 80 percent of this is concentrated in the Front Range region, and about 60 percent in the Denver/Boulder/Greeley CMSA alone. The state has experienced rapid growth and a booming economy during the last decade. Population grew by more than 25 percent between 1990 and 1999, while employment increased by over 30 percent. Unemployment is currently running at an extraordinarily low rate even relative to historically low national levels—2.7 percent in July 2000 compared to 4.0 percent nationwide.

The state has a diversified, increasingly technology-oriented economy. Important industries include high-tech durable manufacturing such as computers, peripherals, instruments, and other high-tech equipment, business and professional services, and tourism. The state has become an important center of telecommunications and transportation. And with such rapid economic growth, it has also benefited from a healthy construction sector. At the same time, some of the state's traditional resource-based industries, notably agriculture and mining, have been declining. As a result, the state's more rural regions to the east, west, and south of the Front Range have not experienced economic conditions as favorable as in that dynamic region.

The state is relatively wealthy. Its median household income in 1998 was about 18 percent above the national average and ranked sixth among states. Its poverty rate, while slightly higher than the national average in 1990, had by 1998 declined to only 72 percent of the United States average. Wealth levels do, however, vary by region. While poverty rates in the Front Range region were below the state average in 1996, they were above average in all other regions of the state, and were particularly high in the San Luis Valley, a small rural region in the south central part of the state. There were also pockets of relatively high poverty within the Front Range, including in the cities of Denver and Pueblo.

Profile of the University Center

The University Center is housed at the University of Colorado at Boulder, the flagship campus of the four-campus University of Colorado system. The Boulder campus has a student body of approximately 25,000 and offers students roughly 150 areas of study at the graduate and undergraduate levels. It also houses the majority of the system's research activities, with particular strengths in the fields of chemistry and physics.

The mission of the University Center is to serve as a service and outreach program of the university and its College of Business and Administration in order to foster economic, business, and community development in the state of Colorado. The Center is focused on serving the research, technical, and commercialization needs of Colorado companies and organizations with proactive, non-duplicative, quality services directed at businesses. In doing this, the Center seeks to create a positive awareness of the University of Colorado as a resource to business and economic development, and to act as a partner with other organizations to build a cohesive business and economic development support structure within the state.

The Center has evolved considerably in its institutional position and focus since it was established in 1978. Organizationally, it was initially housed in the College of Engineering, then moved to the vice-chancellor of administration, then to the College of Business. The Center now operates as part of the Business Research Division (BRD) within the College of Business and Administration.

The Center was initially named the Small Business assistance Center. In 1983, with state funding support, it was providing general management assistance to a wide range of small companies through subcenters located throughout the state in rural areas. In 1985, it began to develop a technology focus by working with NASA's Industrial Application Centers program, which made NASA databases available to small companies through regional technology transfer centers. Around this time, it also leveraged some of its state funds as match to provide Department of Defense procurement assistance to small companies, which included Center technical assistance to SBIR applicants.

The Center had to downsize and rethink its services as state government funds were redirected away from CU-BAC to implement a state-operated Small Business Development Center program, and later to allow the state to operate the DOD procurement assistance program. It decided to focus on leveraging university resources primarily to assist technology-oriented firms, particularly by offering data searches through its access to a wide variety of technology databases housed both within and outside the university.

As noted above, the Center is currently housed within BRD of the College of Business and Administration. The Center director reports to the director of the BRD, who has oversight responsibility for all outreach and services functions of the college and was recently also named associate dean for external relations. He reports to the dean of the college. In addition to housing the University Center, the BRD is home to the EDA-funded Rocky Mountain Trade Adjustment Assistance Center (TAAC), the Mid-America Manufacturing Technology Center (Colorado's manufacturing extension program, or MEP), and a Center for Sustainable Tourism. The BRD also undertakes certain activities directly, including business- and government-sponsored research, disseminating information relating to business and economic issues, and promoting faculty/business partnerships.

The Center's professional staff include its director and two professional research assistants, one of whom is shared with the BRD. The director's main tasks are outreach, funding, and administration. One of the research assistants conducts technology market research, and the other undertakes business consulting and database research. None of these staff are university faculty. The Center has two student interns, one of whom provides market research

and research support, and the other of whom works on communications (i.e., newsletter production and web page maintenance). In the past, the Center hosted one or two students from the National Technology Transfer Center Entrepreneurial Technology Apprenticeship Program, which provides on-site field experience for minority students.

The Center had a total budget of approximately \$250,000 in FY 1998. This included the EDA grant and local match of \$127,627, plus over \$170,000 in additional grant funding, and over \$50,000 in business contributions and fees.

The Center currently offers two types of direct services to business clients: (1) access to research and database information that identifies technical experts and research partners, R&D funding, and technical reports and (2) consulting to assist clients with market assessments and the development of business strategy. The primary clients for these services are research entrepreneurs and small and medium-size technology-based firms. The Center generally targets companies in four technology sectors: information technology, biotech, photonics/optics, and environmental technology. This targeting is based on the importance of the industry to the state, the relevance of the university's resource base to the industry, and the ability of industry to pay for services.

The Center partners with a variety of organizations, both internal and external to the university, in providing these services. Within the university, it works cooperatively with the MEP and TAAC, particularly in joint marketing and for cross referrals. In some instances, it provides direct assistance to TAAC or MEP clients under a more formal arrangement. The Center has also partnered with a number of organizations outside the university, including the following:

- ***Small Business Development Centers (SBDC).*** The Center partnered with an SBDC to co-author a "Guide to Pollution Prevention Financing." It receives many referrals from the local Boulder SBDC. One of the state's Small Business Development Centers gives \$100 vouchers to companies that are preparing Small Business Innovation Research (SBIR) proposals so that they can use the Center's database services for literature searches. The Center also cosponsors and speaks at SBIR workshops.
- ***Mid-Continent Technology Transfer Center (MCTTC).*** The Center is a state affiliate of this entity, funded by NASA, to provide commercialization services to Colorado technology-based firms. MCTTC can cost-share projects with the Center for certain targeted companies, including minority- and women-owned firms.

The Center has also, on occasion, conducted database searches for economic development organizations in EDA's Denver region at the behest of regional office staff. For instance, when the regional office is unable to provide an organization with direct assistance, it sometimes refers the organization to the Center to conduct a database search for other potential funding sources.

In FY 1998, the Center conducted database and information searches for 50 companies, and provided more in-depth technical assistance to 16 companies. The latter included preparing business feasibility studies, market research studies, and business plans. It also provided funding for in-depth technical assistance to eight companies through a defense adjustment program that has since ended.

The Center also undertakes a number of activities that more generally support the development of the technology industry within the state. Broadly speaking, these involve conducting research and providing information for policies and programs that support the growth of technology industries. These activities are intended to increase understanding of economic issues and needs of the technology sector among state and local governments, higher education and industry, and to build relationships among these groups. The Center has provided ongoing assistance to two state industry associations, the Colorado Environmental Business Alliance and the Colorado Photonics Industry Association. It works with the BRD staff to produce the Business Economic Outlook Forum, a projection of the Colorado economy in the coming year, has produced a number of resource directories, and publishes a bimonthly newsletter for the technology community.

In addition to these activities, the Center seeks to serve as a broker of university resources to businesses, economic development professionals, and others. It connects companies to faculty members with desired expertise, and to student interns and student class projects. It identifies faculty members to speak at conferences. And it helps faculty members find corporate partners for research projects.

According to Center estimates, its commitment of staff time to the three standard activity categories used by EDA is 76 percent for technical assistance (including direct business assistance and assistance to industry associations), 14 percent for applied research, and 10 percent for information dissemination.

The Center undertook a comprehensive planning process in the first half of FY 1999 to develop a five-year strategic plan. Based on this planning process, it intends to continue to enhance existing services, but to place a greater emphasis on supporting the development of key technology industries, identifying and demonstrating new technology areas with economic potential for rural areas, strengthening partnerships, and increasing its long-term funding support.

University Center Role in Addressing Local Economic Development Needs

Over the years, the Center has established a position as an important contributor to strengthening the climate for technology-oriented companies and industries in Colorado. It plays this role in a number of ways, including direct business assistance, assistance to industry organizations, general economic and industry research, information dissemination, and acting as a broker of university resources.

In playing this role, the Center appears, by and large, to be complementing and augmenting other available resources. While its direct business assistance activities have the greatest likelihood of overlapping with those of other organizations in a crowded organizational landscape, this does not, in fact, generally appear to be the case. The Center is uniquely positioned to provide data searches for companies, and its direct business consulting is more narrow and technologically oriented than that provided by an SBDC. Its complementarity to SBDCs is reflected in the partnerships described above.

Perhaps the most interesting and innovative aspect of the Center's activities is its work to assist in the formation and strengthening of industry associations. As noted above, it has primarily worked with two of these organizations, the Colorado Photonics Industry Association (CPIA) and the Colorado Environmental Business Alliance (CEBA).

The Center has played a central role in the establishment and development of CPIA. The photonics industry in Colorado has been growing rapidly, with about 200 photonics companies located primarily in the Denver-Boulder corridor. A number of these firms were spun off from the joint University of Colorado at Boulder and Colorado State University Optoelectronic Computing Systems Center (OCSC). In 1996, an OCSC research scientist asked the Center to assemble a database of Colorado-based photonics industry firms. The Center took on this task, which eventually evolved into publishing a full-scale industry directory, complete with a descriptive overview of the industry and summary statistics on the industry in Colorado, along with listings of individual companies. Later versions of the directory also included in-depth studies of selected topics such as the industry supply chain and industry workforce needs.

The directory demonstrated that the photonics industry was growing into an important technology industry cluster within the state. It generated considerable interest within the industry and convinced the Center staff and the OCSC researcher that there might be value in establishing an industry association to promote the industry's development. They organized and facilitated regular meetings of industry members to test this assumption. After four or five meetings, the idea of establishing the CPIA started to gel among industry members themselves. The Center provided initial administrative support to CPIA.

An interesting development occurred when the economic development agency of Adams County, a suburban county located between Denver and Boulder, offered to assume the administrative functions of CPIA from the Center. The agency, the Adams County Economic Development Corporation (AEDC), reasoned that nurturing this industry would be good for Adams County, which needed high-paying jobs, had lower development costs than either Denver or Boulder, and was a natural location for firms being spun off from research at University of Colorado's Boulder campus. (A Lucent Technologies R&D center now under construction in the county is another potential generator of entrepreneurial spin-offs.) Representing a county with a large blue collar population, a large high school dropout rate, and declining traditional manufacturing base, AEDC has focused particularly on promoting employment for local high school and community college graduates in well-paying, skilled technical positions within the industry.

The Center continues to stay involved with CPIA. A staffer serves on the board of directors, the Center hosts CPIA board meetings, and the Center continues to periodically update the industry directory. It has also provided technical assistance to individual photonics companies, and conducted a market study for the Colorado Advanced Photonics Technology (CAPT) Center in Denver, a state-funded facility that provides access to equipment and other services for photonics firms.

Since 1998, the Center has participated in a number of activities designed to support the development of Colorado's environmental technology industry, in collaboration with the Colorado Environmental Business Alliance (CEBA). Colorado has a large cluster of firms offering environmental technology products and services, including waste water and solid waste treatment, green building, and renewable energy technology. CEBA began as an informal alliance of firms in the industry, and has only recently brought on permanent staffing.

In 1998, the Center assumed, on behalf of CEBA, the administrative role for a Council of State Governments project seeking to promote the exchange of environmental policy and

technology between Colorado and Malaysia. It worked with CEBA to establish a council for a Malaysia-Colorado Environmental Policy and Technology Exchange Program, composed of private consultants, industry, environmental faculty from Colorado School of Mines, and international business faculty from the University of Colorado. It identified faculty members with relevant expertise to assist the project, helped organize events and publish reports, and acted as a fiduciary agent for two grants.

In 2000, the Center involved CEBA and other environmental agencies in organizing, funding, and operating environmental technology exhibits at the Colorado State Fair. Exhibits were prepared in cooperation with faculty and students in the College of Business's Real Estate Center, and faculty at the Colorado School of Mines and University of Denver. With CEBA only recently having hired an executive director, the Center continues to play a number of support roles as well as acting as a fiduciary agent.

The Center is looking into establishing similar partnerships with other technology-oriented industry associations, particularly where the university has applied research strengths in related technologies.

In undertaking its activities, the Center appears to be very aggressive in networking and forming partnerships with other organizations. As noted, it maintains referral relationships with numerous organizations (SBDCs, MEP, TAAC), and has worked closely with industry associations. It publishes *Technology Community*, its bimonthly newsletter, cooperatively with six partner organizations. It provided and funded small business assistance in partnership with the Rocky Flats Local Impact Initiatives for several years. And it participates in professional organizations such as the Technology Transfer Society, the Colorado Renewable Energy Society, and the Colorado Alliance for Biotechnology.

The Center does not work closely with Economic Development Districts, however. One reason is that its focus is somewhat different from that of EDDs. Another is that the state's four EDDs are located in the southern part of the state, which has few technology businesses. The Center's director also notes that, in her experience, the EDDs do not have adequate funds to pay for the costs of the Center's services.

The Center has been able to leverage a significant amount of funding for its activity beyond the EDA grant and the university match. In FY 1998, for instance, the Center received \$41,000 from three state agencies to conduct research and prepare publications, and over \$125,000 from the Council of State Governments for the Malaysia-Colorado Environmental Policy and Technology Exchange Program. It also received almost \$50,000 in fees for business assistance projects. (The Center director notes that that year yielded an atypically high amount of grant and fee revenues.)

The Center receives generally high marks for its work from its clients. Its work with the photonics and environmental industry associations is strongly applauded by industry representatives and other partners. Its photonics industry directory, for example, is considered a critical industry resource that has been very carefully and thoroughly compiled. Its market survey for the CAPT Center was considered by CAPT's former director to be very useful in helping CAPT to determine what services to provide to photonics companies, and the survey even caused it to change direction somewhat. With respect to its work with the environmental

technology industry, a CEBA representative noted that, in her experience, the Center was far more responsive to the needs of industry and more administratively flexible than any of the many other academic institutions she has worked with around the state.

With respect to direct business assistance, directors of two SBDCs that refer companies to the Center indicate that clients are generally pleased with the quality of the information they obtain, and that the costs involved are reasonable in relation to the service provided. While the feedback we obtained on the Center's more in-depth business consulting was limited, it appears to be mixed. One client was very pleased with a customer survey the Center conducted. Another client, however, was critical of the slow pace of the work and the lack of communication between herself and the Center staff person assigned to the project. This project was not yet completed so the client could not assess the quality of the work. This may indicate the risks of a thinly staffed organization taking on too many in-depth business consulting assignments that require timely turnaround.

Little of the Center's work occurs in distressed areas of the state. Most of its work serves business and industry in the Colorado Springs/Denver/Boulder/Ft. Collins corridor, the most prosperous part of the state. However, some of its work supporting industry development may lead to employment opportunities for lower-skilled workers, such as the efforts of the Adams County EDC and the Photonics Industry Association to support career development in the photonics industry for non-degreed workers. In addition, the Center's 1998 strategic plan calls for identifying and demonstrating new technology that has economic potential for rural areas.

University Center Role in Mobilizing University Resources

While the Center's direct business assistance activities are fairly self-contained, its outreach and brokering role with the larger university community has had considerable direct and indirect effects. The Center's data search and individual business consulting activities are handled primarily in-house. For some of its data searches, it taps into university libraries. For business consulting activities, its most frequent external interactions are with the other units of the Business Research Division, including the MEP and TAAC centers. It does not typically hire faculty members for business consulting assignments.

The Center's most significant role in engaging university faculty is through its role with industry associations. Its work with the photonics and environmental technology industries in particular has included outreach to faculty members and getting them involved in meetings, conferences, and other interchanges with these sectors. In one notable example, the Center director recruited a faculty member, an Asian specialist, to serve on the council for the Malaysia-Colorado Environmental Policy and Technology Exchange Program. The Center has also provided a number of valuable faculty contacts to the Photonics Industry Association, according to the director of the association.

More generally, the Center has played a broker role in connecting businesses with faculty members and students. It has become known by university administrators as a place they can refer businesses and faculty members who are seeking connections with one another. The vice chancellor for research, for example, who oversees all the university's research functions, has made effective use of the Center for this purpose.

The impact of the Center on the university's overall interest in and approach to supporting economic development is difficult to assess. The Center director acknowledges that the Center is only one of many factors in this equation, and operates on too small a scale to have a major impact. Some of the university's recent economic development initiatives, such as the establishment of a business education center at a nearby technology park, have not involved the Center. Yet, the Center's lead role in some high-visibility projects appears to have raised the profile of the university and gained the attention not only of senior university administrators at the Boulder campus but, according to the director of the Business Research Division, of senior administrators of the university system as well. Considering the Center's over 20 years of operations, its ability to continually redefine its role in response to changing circumstances, and the high value placed on its activities by most partners and clients, it is likely that it has made a tangible contribution to the university's engagement in economic development activities.

Factors Influencing University Center Performance

A number of factors positively influence the Center's performance:

- 1. *Flexibility and strategic focus.*** The factor that has probably most contributed to the Center's effectiveness is its ability to be both strategic and flexible. During its over 20 years of operation, the Center has faced very significant changes in its operating environment, including changing economic conditions, government funding priorities, and university leadership and organization. Rather than continuing along the same path and risking irrelevance, it has adapted to change by continually reexamining and updating its strategic focus and services. As a result, it today plays a role that visibly adds value to the university's contribution to economic development in the state.
- 2. *Organizational culture.*** There are other important factors that contribute to the Center's effectiveness. These include a committed, energetic, and skilled staff; the ability to forge partnerships with organizations that provide clients and complementary services; and the delivery of high-quality products that are valued by clients and partners.
- 3. *University commitment.*** The fairly strong commitment for economic development at senior levels of the university administration also creates a more receptive climate for the Center in other parts of the university.

A number of other factors hinder the Center's effectiveness:

- 1. *Resource constraints.*** Despite its relative success in obtaining funding for a number of special projects, the Center's core funding remains limited to the EDA grant and university match, which have declined in real-dollar term over the years. This limits the degree to which it can serve distressed areas and disadvantaged populations. To compensate for its limited budget, the Center has established a fee structure for data searches and business consulting that many smaller companies cannot afford. In addition, its Boulder location makes it difficult for staff to work directly with businesses, industry groups, or communities in the distant, more distressed regions on the eastern, western, and southern parts of the state. The Center would particularly like to expand its work in rural areas.

2. ***Institutional barriers.*** While senior administrators express strong support for university involvement in economic development, this support does not necessarily trickle down to the faculty level. Aside from the issue of faculty interest, there are professional, financial, and structural disincentives to faculty participation:

- While “community service” is expected from faculty as a condition for advancement, it is emphasized far less than teaching and research. Moreover, service within the university community (e.g., serving on university committees) typically gets greater recognition than outside service. The university’s recent emphasis on a “total learning environment,” connecting classroom experience to real world situations, has addressed this issue to some degree.
- Faculty members who want to work with the private sector can get much higher compensation working with large corporations.
- The university’s economic development activities are somewhat fragmented, inhibiting a more systematic approach to soliciting faculty involvement.
- The university’s newer economic development initiatives and funding have not involved the Center, perhaps lessening its visibility and importance.

3. ***State Government Policy.*** A third factor inhibiting the Center’s effectiveness, and that of other university economic development efforts within the state, is state government policy. Over the years, state economic development policy and the structures and resources it has established to promote university involvement have often shifted. Most recently, the state abolished the Colorado Advanced Technology Institute, which funded university-industry collaborations in applied research and technology transfer. The state has also cut back university funding related to economic development and has focused this funding primarily on technology workforce development, which restricts the ability of organizations like the University Center to address other business needs.

Interviews

Tom Baur, President and CEO, Meadowlark Optics, Frederick, CO (client)

Marilyn DeCalo, Director of Business and Community Relations, Office of the President, University of Colorado

Karen Eye, Director, Colorado University Business Assistance Center

Marilyn Force, Director, Boulder Small Business Development Center

R. Brian Hooker, Optoelectronic Computing Systems Center, University of Colorado at Boulder

Gary Horvath, Research Assistant, Colorado University Business Assistance Center

Jayne Reiter, Director, Red Rocks Community College Small Business Development Center, Golden, CO

Duncan Shields, Pueblo Community College, Pueblo, CO

Ruth Shrairman, President, Verifax, Boulder, CO (client)

Laurie Wall, Program Administrator, Adams County Economic Development

Richard L. Wobbekind, Director, Business Research Division, College of Business and Administration, University of Colorado at Boulder

Debbie Woodward, Vice President, Adams County Economic Development

EASTERN KENTUCKY UNIVERSITY
CENTER FOR ECONOMIC DEVELOPMENT,
ENTREPRENEURSHIP AND TECHNOLOGY

Service Area Characteristics

The Eastern Kentucky University (EKU) Center for Economic Development, Entrepreneurship and Technology (CEDET) is designed to support economic activities throughout the commonwealth of Kentucky. The Center concentrates its efforts on bringing economic benefits to eastern Kentucky, which is composed of 49 Appalachian counties. This service area suffers from persistent poverty and long-term unemployment. Most of the service area is rural and mountainous.

In 1960, 45 of the 49 counties in the Center's target area had at least 150 percent of the U.S. average unemployment and two-thirds or less of the U.S. per capita income. Forty years later, the area was only marginally better relative to the U.S., as 42 of the 49 counties were still defined as distressed according to the same standards. This slight improvement is in contrast to the rest of Appalachia where 100 of the 170 non-Kentucky Appalachian counties that were defined as distressed in 1960 were no longer considered distressed in 2000.

The economy of this area has experienced a myriad of problems contributing to continuing economic distress and has not benefited from economic growth occurring elsewhere in Kentucky. Factors influencing this trend include dependence on a single industry (mining), large numbers of absentee land owners, inadequate public services, infrastructure problems, tobacco farming, and a poorly educated workforce. The continued mechanization of mining, as well as the impact of market trends and environmental policies, have continued the spread of unemployment and job instability in that industry. In addition, family income has declined substantially as the demand for tobacco has declined. One estimate notes that the decline in tobacco farming, mining, textiles, and public assistance in just a 12-county area of the region has resulted in the loss of over a quarter billion dollars in outside income over the last five years.¹

Economic development within the area is focused on diversifying the local economic base. Key strategies include adding value to untapped economic assets (e.g., wood products, arts and crafts, and tourism) and supporting entrepreneurship. In addition, efforts are underway to improve infrastructure and the quality of the workforce.

Profile of the University Center

EKU is located in Richmond, Kentucky, where the Bluegrass region meets the foothills of the Cumberland and Appalachian Mountains. As a state university, EKU focuses on the geographical region of eastern, central, and southeastern Kentucky, which is predominantly rural.

¹Kentucky Highlands Investment Corporation, "Declining Revenue Sources," 2000.

The CEDET is headquartered within the College for Business and Technology, one of five colleges of EKV.

The purpose of CEDET is to promote economic development by serving as a conduit between the resources of the university and the development needs of communities, businesses, organizations, and industries in eastern and central Kentucky. Since its inception in 1989, CEDET primarily has provided individualized technical assistance to industries, businesses, and related organizations in response to identified problems. Over the last five years, CEDET has expanded its efforts to help local areas capitalize on unique community development opportunities. This two-track approach brings needed expertise and assistance into the development process in a concentrated and focused way.

CEDET serves as a catalyst for bringing divergent groups together to achieve economic development objectives that would not otherwise be accomplished with each group working independently. The decision to provide technical assistance is made by giving priority ranking to those projects with the greatest need and the best potential to provide the highest level of benefit to the most economically distressed areas. Assistance is provided using CEDET staff, university faculty, and graduate students. An important CEDET objective is to build sufficient organizational capacity so that the local effort can be sustained without CEDET's integral involvement. In essence, CEDET sees itself as building and developing capacities that then can be operated and sustained by others.

Prior to 1999, CEDET was housed in the College of Applied Arts and Technology. However, a consolidation of the College of Business with the College of Applied Arts and Technology created a new College of Business and Technology. This change allowed CEDET to gain greater access to the faculty and students of the business program while maintaining contact with the applied arts and technology faculty. The Center director now reports to the dean of the college rather than a departmental head. This is reflective of the priority now given to economic development by a new university president who has also created a faculty-based Committee on Economic and Community Development, chaired by the dean of the College of Business and Technology. The College of Business housed an SBDC sub-center that had not previously worked closely with CEDET. The consolidation of the two colleges provides an opportunity for CEDET and the SBDC to work together in the future. The university has no other relevant centers or institutes whose mission parallels that of CEDET.

CEDET is a lean organization primarily composed of a director, senior project manager, administrative support staff, and part-time faculty. Currently, four faculty work for CEDET, devoting approximately one-quarter to one-third of their time to Center projects. The university allows faculty from all colleges and disciplines to work with CEDET on a part-time basis. CEDET does not have to cover the time or costs of these faculty as their respective departments are responsible for absorbing the cost and for finding a replacement to carry out their teaching functions. In addition, CEDET has a senior staff person who operates the Jackson County Entrepreneurship Center under a contract from the Kentucky Highlands Rural Empowerment Zone initiative. Jackson County is one of three rural counties that comprise a U.S. Department of Agriculture-designated rural empowerment zone. The Entrepreneurship Center was created with empowerment zone resources to assist in the development of new businesses.

CEDET is focused predominantly on providing technical assistance in response to identified needs. Rather than serving hundreds of clients with a modest level of effort, CEDET tends to direct its efforts to large-scale projects that involve considerable time and attention, sometimes spanning a several-year period. CEDET does not have any established standards for dividing its efforts between business/industry and communities. As noted earlier, these decisions are primarily driven by the desire to generate the highest level of benefit for the greatest number of people.

University Center Role in Addressing Local Economic Development Needs

Eastern Kentucky is a region with significant economic problems as it remains one of the most distressed areas in the United States. It is also an area with a continuing need for economic development activities and capacities despite the existence of a number of economic development organizations in the region. Both EDA and the Appalachian Regional Commission (ARC) have a strong presence in the region. For the last 35 years, they have supported multicounty development districts that blanket the 49-county area. Five years ago, three counties within the area were designated federal Empowerment Zone Communities. In addition, the region is served by a number of nonprofit development organizations, several of which are nationally recognized for their capacity and expertise (e.g., Kentucky Highlands Investment Corporation and Mountain Area Community Economic Development, Inc.).

Most of the existing development organizations have specific mandates that guide their operations and focus their development efforts on a specific set of project activities. For example, EDA- and ARC-funded development districts are primarily oriented to helping local communities plan for economic development and to accessing federal and state funds for infrastructure projects that can support their development goals. Kentucky Highlands is an investment corporation that almost exclusively directs its effort to address the financial needs of new and existing businesses.

CEDET, however, is structured to respond to whatever development needs or opportunities present themselves within the region. The Center seeks to involve itself in activities for which there is no existing organization capable of devoting the time and attention necessary to nurture an idea into a project. As such, the Center does not seek to prepare economic development plans for local communities or try to address the financial needs of local businesses. Instead, it takes on projects that complement rather than compete with existing development efforts.

Several recent and current projects stand out as illustrative of CEDET's work:

- Over the last several years, CEDET has played a catalytic and facilitating role in the creation of the Appalachian/Kentucky Gateway Artisan Center in Berea. The project will result in the development of a \$7.5 million facility (to be financed by the commonwealth) that will promote artisan industry development and tourism. The project involved a partnership between CEDET, the city of Berea, Berea College, the Bluegrass Area Development District, Kentucky Guild of Artists and Craftsman, the governor's office and related cabinet departments, and many others. Until just recently, CEDET managed the effort utilizing its own resources. The effort has now become a

state government project with a state appointed board of directors that is charged with guiding the effort from this point forward. CEDET has continued to engage in efforts that can support and further the objectives of the Artisan Center. Such activities include developing a Cultural Heritage Trail that can lead from the Artisan Center into other communities in the region, providing organizational and management support to the Kentucky Guild of Artists and Craftsman, and assisting in the redevelopment of Old Town Berea as an arts and craft destination site.

- The Jackson County Entrepreneurship Center is supported through a professional services contract between the Jackson County Empowerment Zone Community organization and CEDET. The Entrepreneurship Center provides two 12-week, 60-hour training courses each year for community residents interested in starting their own business. It also provides ongoing one-on-one consulting services. The program has attracted over 100 participants from a small, rural county and has already had 30 new business starts.
- In an effort to add value to the Kentucky wood products industry, CEDET has played an important role in fostering the development of industry specific associations. Five years ago, CEDET provided analytical support to the conceptualization and development of the Kentucky Wood Products Competitive Corporation (KWPPCC) and provided office space during its first year of operation. Today, KWPPCC has a \$1 million budget and eight to ten professional staff as it helps to build and support a secondary wood products industry across the commonwealth. CEDET also helped create the Kentucky Wood Manufacturing Association, a private trade association of local businesses. Over the past two years, CEDET has supported these operations by publishing the organization's periodic newsletter and facilitating its networking efforts.

All of these activities are directed at bringing new economic benefits to the distressed areas of eastern Kentucky even though they also bring together interests from throughout the commonwealth. In addition, these efforts and others are directed at building capacities that can be sustained and operated by others over time. This requires that CEDET not only be competent at forging a consensus on development goals, but also have the ability to leverage external funds that can finance proposed project activities. Both the Artisan Center and the KWPPCC represent a commitment and focus on development opportunities that CEDET played an instrumental role in fostering.

University Center Role in Mobilizing University Resources

CEDET is perceived as an important asset of Eastern Kentucky University and as a key resource for helping the university achieve its community service goals. In recent years, it also has gained more recognition university-wide and is increasingly seen by some faculty as a key means for connecting teaching and research to real world activities. CEDET has also helped ECU gain more prominence among state policy makers as its success in developing the Artisan Center has generated accolades throughout the commonwealth.

An important element of CEDET's success is the involvement of faculty. For some years, the Center has utilized faculty within its college to both develop and support project activities. Recently, CEDET has reached outside its college to engage faculty from other areas of

the university who want to participate. One tool used to solicit faculty involvement has been the issuance of a university-wide request for proposals seeking faculty participation. This has resulted in the involvement of several faculty. Given the recent consolidation that placed CEDET in the Business College, it is expected that business faculty will play a more significant role in CEDET activities in the future.

Of particular note is the faculty release policy of ECU, which allows faculty to take the time to work at CEDET. Essentially, faculty can obtain a release from their department for one-quarter or one-third time in order to engage in CEDET-sponsored activities. The faculty's salary is still covered by their department, thus providing a university financial contribution to the CEDET program. More importantly, the faculty's department also assumes responsibility for filling their teaching responsibilities. This means that the department must use its own resources to pay for another instructor. This approach frees CEDET to involve faculty without having to raise additional resources to support their time and effort. It also means that CEDET does not have to look to clients to pay for the involvement of faculty.

Although the release policy is good for CEDET and faculty, it does raise challenges at the departmental level with regard to funding and finding teaching replacements. Apparently, funding of the positions is not the most significant issue; it is finding replacement teachers who have sufficient credentials to maintain the appropriate ratio of credentialed teaching faculty for accreditation. Also, if the university had a pool of resources that departments could draw upon to finance release efforts it would serve as an incentive for greater departmental support and involvement. To date, little has been done to encourage departments to support CEDET's activities.

Faculty play an important role in most CEDET activities. Two faculty have contributed significantly to the Artisan Center project, one a professor of applied arts (metalsmithing) and another a professor of communications. Each has taken on various tasks associated with the overall project, which has helped bring an interdisciplinary approach to a complex endeavor. Importantly, both remain involved and will assist CEDET's efforts to connect the Artisan Center with other arts and crafts-related development projects. Also of note is the effort of the metalsmithing professor to develop a network of jewelers across the state so that they can gain information to help them better produce and market their goods.

To date, students have played a minor role in CEDET activities. This is expected to change with CEDET being part of a new college and clearly viewed as a rich learning lab for MBA candidates and other students. The Business College already involves its students in an entrepreneurial award program that is conducted in partnership with Kentucky Highlands Investment Corporation.

Factors Influencing University Center Performance

Overall, CEDET is an important resource for the development efforts of eastern Kentucky and appears to be valued by many within the region. Its impact and success on development efforts within the region appear to be limited by only the time and resources of the Center. The priority attention now being given economic development by senior officials at ECU may well result in CEDET having even greater capacities—additional faculty and students—to serve the needs of some of the country's more severely distressed communities.

Several factors influence the Center's performance:

- 1. *A focus on a few priority projects.*** CEDET appears to be a high-performing institution despite a limited budget (approximately \$250,000 a year) and small staff. The Center successfully carries out a very well-focused set of activities that is designed to generate the highest benefit for the greatest number of people. As noted earlier, almost all of CEDET's work is oriented toward providing client-based technical assistance. The Center's emphasis on providing concentrated assistance for a small number of projects positions it to make a major contribution to local development efforts.
- 2. *Proactive leadership.*** An important characteristic of CEDET is the willingness of the director and staff to take a proactive approach to the development process. This involves the Center maintaining close contact with development interests across the region so that CEDET can reasonably assess local development needs and opportunities and make an informed decision on where its resources and efforts might best be utilized. Once a decision is made to support a development effort, CEDET has the skills and leadership ability to effectively pursue an ambitious development agenda.
- 3. *Secure funding sources.*** A very secure funding base appears to contribute to CEDET's success. The ongoing financial support of EDA and the resources from the university match provide for committed staff, as well as faculty. This allows the Center to work on projects without having to worry about raising funds to support staff involvement. This positions CEDET to take on a range of roles and responsibilities around facilitating and supporting the development process, activities for which outside funding is seldom provided.
- 4. *Flexibility and creativity.*** By maintaining an interest in both business and community development, CEDET is poised to address any type of development opportunity that might emerge. Also, its efforts to involve faculty across the university mean that it can build teams of experts on almost any issue. This type of flexibility allows CEDET to be strategic about its efforts and also reduces the possibility of CEDET taking on assignments that conflict or compete with other development institutions in the region.
- 5. *Good organizational sense.*** CEDET, through its work with the Artisan Center and the Entrepreneurial Center, has demonstrated an ability to effectively partner with external institutions. It also has proven effective in helping solidify the organizational capacity of local development groups such as the Kentucky Guild of Artists and Craftsmen. Notably, however, CEDET does not do much work with the EDA- and ARC-supported development districts in the area. One reason is that CEDET has not attempted to undertake activities such as developing strategic plans or infrastructure applications that are the mainstay of these organizations. Another reason, according to discussions with local development officials and a representative of one district, is that most of these groups have significantly more resources and staff than CEDET (dozens of staff and multi-million dollar budgets) and, thus, do not see themselves needing to turn to a lesser endowed entity for support.

Interviews

Cheryl Moorhead, Executive Director, CEDET

Phil Danhauer, Director, Jackson County Entrepreneurship Center, CEDET

Ken Gastineau, Jewelry Business Owner, Council Member, City of Berea

Jerry Rickett, President, Kentucky Highlands Investment Corporation

Randy Stone, City Administrator, City of Berea

Albert Spencer, former board member, Kentucky Wood Products Competitive Corporation

Tim Glotzbach, Eastern Kentucky University faculty and staff at CEDET

Kathy Werking, Eastern Kentucky University faculty and staff at CEDET

Robert Rogow, Dean, Eastern Kentucky University College of Business and Technology

Jas Sekhon, Executive Director, Bluegrass Area Development District

UNIVERSITY OF HAWAII

PACIFIC BUSINESS CENTER PROGRAM

Service Area Characteristics

The Pacific Business Center at the University of Hawaii at Manoa, serves the state of Hawaii and the American Flag Pacific Islands (the Commonwealth of the Northern Mariana Islands and the territories of Guam and American Samoa), as well as the former United States territories of Micronesia, the Marshall Islands, and Palau. These former territories are also known as the Compact nations, a reference to the Compact of Freely Associated States that was entered into with the United States at the time of their independence. These current and former United States territories are referred to collectively as the American Affiliated Pacific Islands.

The state of Hawaii has a population of about 1.2 million spread over four large islands and a number of smaller islands. About three-quarters of its population is concentrated on the island of Oahu, which includes the city of Honolulu. The Affiliated Islands have a combined population of almost 500,000, ranging from less than 20,000 in Palau to more than 150,000 in Guam. While the population and land area of these islands is very small, they include hundreds of islands spread across thousands of miles of the Pacific Ocean. Palau, the westernmost island, is about 4,600 miles from Honolulu.

Since World War II, the Hawaiian economy has been dominated by three industries: agriculture, tourism, and defense. The state has been a center of large-scale agricultural production—primarily sugar and pineapples. Tourism has boomed since the jet age brought the state's year-round warm climate and considerable natural attractions within an easy day's travel from both the United States mainland and Japan. And the state has benefited from a strong United States military presence, reflecting its strategic location with respect to United States Pacific naval operations. While these industries supported healthy economic growth through the 1980s, each has been adversely affected by national and global trends in the 1990s that have combined to create a much less favorable economic climate for the state. Commodity agricultural production declined as transnational agricultural corporations like Dole sought locations with lower land and labor costs. The tourism industry, which had become highly dependent on high-spending Japanese tourists, took a precipitous decline after the Japanese economy stagnated and then it slipped into a recession starting in the early 1990s. While the state has not suffered from large-scale military downsizing, it can no longer depend on the military as a stable economic pillar.

Reflecting these trends, Hawaii suffered a serious decline in employment beginning in 1994. Between 1993 and 1995, total employment declined by more than 3 percent, according to the Bureau of Labor Statistics. Employment levels did not climb back to their 1993 peak until 1999. The state's unemployment rate, which was only 2.8 percent in 1991, increased to 6.4 percent by 1996 before dropping to 4.3 percent by 2000 (still 0.3 percent above the national average).

The state's economic problems have resulted in a relative decline in personal income. While household income was 29 percent higher than the national average in 1989, it had declined to only about 8 percent higher in the 1997–98 period. Likewise, while the poverty rate was only 81 percent of the national average in 1990, it had climbed to 86 percent by 1998. While income levels in Hawaii remain high relative to the national average, this does not take into account the state's high cost of living, which was estimated at 39 percent higher than the national average in the early 1990s.

The economies of the Pacific Island territories and Compact nations, while much less developed than that of Hawaii, have been dependent on many of the same industries—fishing, tourism (especially Guam, the Northern Mariana Islands, and Palau), and United States military and other government employment (Guam). The Northern Mariana Islands and American Samoa have also developed low-value manufacturing industries, such as garment manufacturing. With these industries, they have been buffeted by the same U.S. and global economic dynamics as the state of Hawaii. All of these areas are hindered by a relatively low level of infrastructure development, a high degree of geographic isolation, and heavy dependence on government spending.

The Compact nations have suffered severe economic problems since independence, with declining U.S. spending and problems associated with developing new economic and political institutions. Among the problems they have grappled with are deterioration of physical and social-service infrastructure, and economic mismanagement, all of which have contributed to economic stagnation or even contraction.

With Hawaii's traditional industries in flux, economic development efforts have increasingly focused on promoting economic diversification and supporting new entrepreneurship. In both tourism and agriculture, there is growing attention to “niche” markets such as edu-tourism (education-oriented conferences and tours) and health tourism, and niche products such as Hawaiian-branded specialty coffees, nuts, herbs, tropical flowers, and marine bioproducts. There is also keen interest in catching the wave of the New Economy. Hawaii is seen as particularly well-positioned to capitalize on United States/Asia-Pacific e-business market opportunities because of its strategic location and time zone (it can do business with both Asia and the U.S. mainland during normal business hours), its high-level, intercontinental telecommunications infrastructure, and its multilingual population.

The Pacific Island territories and nations also have the opportunity to benefit from the new economy. Some territories are crossed by international fiber cables and they are relatively close to the huge and inevitably expanding Asian market. A critical challenge for these areas is to secure the investment to develop and upgrade key transportation, telecommunications, and energy infrastructure, and to strengthen their local entrepreneurial base while also attracting international corporate investment.

Profile of the University Center²

The Pacific Business Center received its first EDA funding in 1979. At that time, it served only the state of Hawaii and the American Pacific Flag Islands. In 1986, it received additional EDA funding to serve the Freely Associated States. Its stated mission is to encourage economic development in these areas by providing direct technical, scientific, and management assistance to businesses, community development organizations, and government agencies. Its specific objectives include providing direct technical assistance to and facilitating the use of faculty and graduate student resources by targeted clients; encouraging and supporting diversification of Island economies by assisting businesses and government agencies to evaluate joint venture opportunities with American companies; supporting and encouraging business development programs operated by governments within the service area; targeting assistance to women and indigenous peoples; and providing university faculty and students with opportunities to conduct applied research.

Through the mid-1990s, the Center focused its activities primarily outside the state of Hawaii, reflecting both the interests of its leadership and the far more pressing economic needs of the Affiliated Islands. However, a change in the directorship in 1998, combined with worsening economic conditions of the state and the growing number of requests for assistance, led to the Center focusing a greater degree of attention and resources within the state.

The Center is housed administratively within the university's College of Business Administration, it receives its EDA match funding from the college, and its offices are located on the college's campus. Its director reports to the dean of the college. Yet, within this structure, it operates in a highly autonomous fashion.

The Center's professional staff includes the director, two business development specialists, a part-time media specialist, and three part-time business development support specialists. None of these are university faculty members. The Center also employs students, including five part-time graduate research assistants and four part-time undergraduate assistants. Administrative support is provided by a full-time administrative assistant and full-time secretary.

The Center devotes most of its professional staff time, about 85 percent, to direct technical assistance. The other 15 percent is spent on information dissemination, primarily through organizing and participating in conferences and distributing its newsletter. The Center does not conduct applied research.

About 60 percent of its technical assistance involves short-term information gathering for clients seeking specific types of information (e.g., market, technical, or funding information). This may include putting a client in contact with a university specialist within a specified field of expertise. This form of assistance usually involves no more than 20 hours of work. The remaining 40 percent is devoted to longer-term engagements, typically 200 hours or more. This type of assistance takes many forms, including market research, formalizing a business plan, identifying new suppliers, or assisting with a loan application package. Some of this work is

² Soon after this case study was completed, the Center hired a new executive director, who indicated in conversations with the case study author and EDA Seattle regional office staff that he was reviewing the Center's organization and focus in anticipation of a significant reorganization.

done directly by Center staff while some is done by business school students with the oversight of faculty members. The Center has sought to particularly focus direct staff assistance on industry sectors where staff have particular expertise, such as aquaculture and eco-tourism.

Because of the far-flung nature of the Center's service area, the Center's business development specialists use a "circuit rider" approach to meet face-to-face with the Center's longer-term clients. This often involves traveling to the Affiliated Islands for several-week visits. Each geographic location served by the Center is visited four times annually. The amount of travel required to maintain direct client contact adds an unusual degree of time and cost to the Center's direct business assistance activities.

While the Center prefers to serve small and women- and indigenous-owned businesses, it accepts any client seeking its assistance. In general, most of its business clients (about three-quarters in FY 1998) have fewer than 50 employees. The Center charges no fee for projects requiring 20 hours or less of assistance. For projects of more than 20 hours, the client is charged by the hour for student and faculty time.

Besides its use of business school faculty and students, most of the Center's interaction with other university units and economic development organizations consists of information sharing and referrals. Within the university, it often makes or receives referrals from extension agents at the Land Grant and Sea Grant programs. However, it does not typically partner with them directly on specific projects. The Center interacts with the rest of the university through participation in conferences with a relevant industry or geographic focus, participation in workshops and training programs, and making informational presentations about the Center. Similarly, outside the university it makes or receives referrals from organizations such as EDA (through the Economic Development Representative for Hawaii and the Affiliated Islands), USDA Rural Development, the Hawaii Small Business Development Center, and the Hawaii Department of Business, Economic Development, and Tourism. It also participates in various conferences addressing general economic development, entrepreneurship, and the development of particular industries. It recently sponsored a conference for all agencies providing economic development assistance to learn about each other's services.

The Center has an advisory board, but it is not active, in part because of the disparate locations of advisory board members, including California, Hawaii, and various Affiliated Islands. Center staff occasionally consult individual advisory board members on specific issues.

University Center Role in Addressing Local Economic Development Needs

A discussion of the Center's role in addressing local economic development needs has to deal separately with the state of Hawaii and the American Affiliated Pacific Islands, because of the very different nature of economic conditions and economic development capacity in these two distinct components of its service area.

The state of Hawaii has a far more developed and healthy economy and a much higher level of economic development capacity. This is one reason that, until a few years ago, the Center focused its activities much more heavily on the other parts of its service area. As stated earlier, its increased attention on Hawaii has stemmed in part from the state's economic downturn and a growing, widespread recognition of the need to develop the state's entrepreneurial base. A

number of other organizations support entrepreneurship in the state, including the SBDC network (which has offices on the state's four larger islands), the Hawaii Department of Business, Economic Development, and Tourism, some of the larger municipal governments, and a growing number of community-based organizations. Yet, economic development professionals acknowledge that the capacity in this area has not yet caught up with the need.

In Hawaii, the service provider that is probably most similar to the Center is the SBDC network. However, the Center distinguishes itself from the SBDC in three ways. First, it links clients to university resources by playing a facilitator or broker role. Second, unlike the SBDC, which merely advises clients on the development of a business plan, the Center actually prepares business plans for a select number of clients. And, third, the Center does not sponsor training programs on business management topics, as the SBDC does.

In contrast to Hawaii, the Affiliated Islands have a very high level of economic distress and very limited economic development capacity within either the governmental or the private sectors. For example, there are no academic institutions comparable to the university on any of the islands. Because of their historical ties to the United States, the islands have tended to look to the United States, and particularly Hawaii, for investment and institutional support. The University of Hawaii, including the Center, is seen as an important resource in this regard. The Center's role in the islands, while primarily business assistance, also involves technical assistance to the island governments in developing economic development capacity and assessing the feasibility of particular economic development projects.

While economic development capacity on the Affiliated Islands is lower than in Hawaii, there are organizations providing support for economic development, including the Pacific Basin Development Council, a regional economic development organization much like an EDD, and the Peace Corps. The Hawaii Department of Business, Economic Development, and Tourism provides some support for regional information exchange and initiatives, and the SBDC has offices on some of the islands. The interaction of the Center with these entities is much the same as in Hawaii, and includes information exchange and cross-referrals. While relations with these other organizations are generally cordial, there have been some tensions with the Pacific Basin Development Council on funding, organizational responsibilities, and approaches to economic development. These tensions stem, in part, from competition for limited funding from resource-poor island governments. There have also been instances of conflicts between public policy recommendations made by the Council and business development recommendations made by the Center (e.g., related to transportation investments).

The Center operates on a relatively small scale in the state of Hawaii. In FY 1999, it provided longer-term, more intensive assistance to 15 clients as well as shorter-term assistance to a larger number of clients. Other than through referrals, it has not drawn in additional in-state resources from local government or private sources to extend its services. Some clients, as well as those who have worked cooperatively with the Center, express the view that it could reach a much larger clientele with more resources and more aggressive marketing.

The Center has served a larger number of clients in the Affiliated Islands. In FY 1999, it provided longer-term, more intensive assistance to 47 clients and shorter-term assistance to even more clients. Given the smaller population of these areas (about 500,000 total, compared to

Hawaii's almost 1.2 million) and the limited availability of other resources, the relative impact is also probably greater. The Center has been able to leverage additional funding for activities targeted to the Affiliated Islands—about \$208,000 from island governments and the federal Office of Insular Affairs in FY 1998, as well as in-kind corporate contributions for travel expenses.

Satisfaction with Center services among clients receiving longer-term assistance appears to be high. Three clients interviewed for this case study who received this type of assistance, either directly from Center staff or from a business school student/faculty team, were pleased with the results of the assistance. One client, the owner of a small Web hosting company, stated that the market and competitive analysis completed by a business school team helped him to more clearly identify his target market. He felt that for the price he was able to pay, the Center did a more “trustworthy” job than a private consultant. A second client, a startup planning to develop and market a specialized piece of storm sewer cleaning equipment, plans to use the business plan developed by the Center to solicit investors. A third, a proprietor of a French cooking school, received new financing with a business plan prepared by the Center. All of these clients are maintaining ongoing relationships with the Center.

In general, both longer- and shorter-term clients of the Center appear to be highly satisfied with its assistance. Among 52 clients responding to the Center's client satisfaction survey in FY 1999, 94 percent agreed or strongly agreed that the information provided was “helpful,” and 98 percent agreed or strongly agreed that the staff did an “excellent job.” The actual economic development outcomes of Center assistance are more difficult to gauge without systematic follow-up. Some observers point to anecdotal evidence of the Center's role in supporting the development of the aquaculture and tourism industries. They also note that, in marginal economies, such as those of the Affiliated Islands, even a few small successes can be important.

Because the Center essentially responds to requests on a first-come, first-served basis, it does not operationally target its activities toward the most distressed areas or disadvantaged populations of its service area. In addition, while it expresses a desire to more aggressively market to women- and minority-owned companies, it has not yet actively done so. Nonetheless, the high level of economic distress in much of the Center's service area means that much of its assistance effectively serves distressed areas. All of the Affiliated Islands are considered distressed by United States standards. And, because of relatively high unemployment rates throughout most of Hawaii until recently, the Center has considered the entire state a distressed area.

University Center Role in Mobilizing University Resources

As noted earlier, the Center's most extensive use of other university resources involves engaging student and faculty teams within the College of Business Administration to conduct discrete research projects for business clients, as well as market and competitive analyses. This gives business clients the opportunity to obtain high-quality research. It also provides students with the opportunity to develop research skills and faculty members the chance to engage in community service. The chair of the business school's Department of Marketing notes the value to faculty of having these types of projects brought to them as opposed to actively having to seek them out. (He also believes there is an appetite for such projects that is broader than the number currently undertaken.)

Beyond this arrangement, the relationship of the Center to other university departments and other organizational units is limited primarily to information exchange and cross referrals, even though the university has a number of organizational units with relevance to economic development. For example, within the business school are housed the Pacific-Asian Management Institute and the Center for International Business Education and Research (CIBER). The business school has also developed partnerships with other schools, such as the Information Technology Alliance, a joint effort with the computer sciences and electrical engineering departments, and a joint agricultural/business degree program with the School of Tropical Agriculture. Outside the business school, the university has agricultural and fisheries extension programs, and a School of Travel Industry Management. And the state's SBDC network is headquartered at the university's Hilo campus. The Center's connections with these entities are generally informal, although the Interim Director does serve on CIBER's board. Nonetheless, while difficult to gauge, the Center's outreach efforts to the rest of the university may, over time, influence the university's role in economic development and lead to the development of new relationships, programs, and projects.

Within the last few years, the university has sought to expand its role in state economic development. This shift has been driven primarily by external forces, notably the state's poorly performing economy, rather than by forces internal to the university. In 1998, for instance, the president of the university formally declared that one of the university's responsibilities is to support economic development. The next year, the state legislature appropriated \$1 million to the university to establish a Center for Entrepreneurship and E-Business within the business school. In this same timeframe, the business school established a Family Business Center. Also around this time, the president established the University Connections program, a multidisciplinary effort to link university resources with other business resources to create a stronger climate for entrepreneurship within the state.

The Center had not played a central role in the development of these new efforts, and its focus and scale are expected to remain the same in spite of the university's expanded economic development mandate. Nonetheless, it may have indirectly contributed to this expanded role by demonstrating early on the positive role the university could play in local economic development.

Factors Influencing University Center Performance

The Center provides a highly valued service to small businesses and economic development organizations. The quality of its services reflects a skilled and highly committed staff and access to valuable human resources within the university's business school. However, its scale of activity is very small relative to the size and needs of its service area. There are a number of factors that limit the Center's performance:

- 1. Intensive needs of service area.* The inclusion of the Affiliated Islands in the Center's service area places special demands on the Center in two ways. First, the extremely high levels of economic distress of these areas combined with their limited local economic development resources and capacity pose formidable challenges to efforts develop their business base. Second, the geographic scale of the service area requires additional time and money to travel to distant locations. These special demands suggest the need for a

more comprehensive strategy for integrating various university resources with other economic development resources to more effectively and efficiently serve these areas. It also may suggest the need for serious consideration of new communications technologies to reduce the on-site time necessary for delivering services.

2. ***Resource constraints.*** The Center has very limited resources to address these intensive demands. Moreover, while it had in the past obtained significant financial resources for its activities in addition to contributions from the Affiliated Island governments, it has been unable to do so in recent years. Nor has it leveraged its activities in a significant way through formal partnerships with other organizations within or outside the university. The only exception is the Center's use of business school students and faculty for some of its projects. In part, this is a result of the Center's own conception of its mission and operations.
3. ***Economic development service delivery.*** As an increasing number of organizations in Hawaii have entered the field of small business assistance, the issue of coordination and division of labor has moved more to the forefront. Small business assistance practitioners note that organizational roles are not always well delineated, leading to problems of overlapping services, poor coordination, and confusion among clients. The Center, as only one of many service providers, cannot necessarily change this dynamic.
4. ***University commitment.*** Within the university, there appears to be limited support for more in-depth engagement between the Center and other university units and no strong push for integration of the diverse university activities that impact economic development. While there is a growing commitment to economic development at the highest levels, an over-arching policy regarding the university's role in economic development has yet to develop. Despite the heightened importance placed on economic development among senior administrators, this has not translated into an increased role for the Center. This may reflect a tendency to create new institutions rather than build on old ones, or it may signal a certain marginalization of the Center within the university's broader economic development agenda.
5. ***Faculty Incentives.*** The Center's ability to tap other university resources is also affected by the more general issue within all academic institutions of faculty incentives. Community service still ranks far below research and teaching as a vehicle for faculty advancement. And, because of academic independence and other outside consulting opportunities, faculty members are not necessarily interested in working with a particular university entity, regardless of the value of the work to the local community. Senior administrators from the business school have expressed strong support for faculty engagement with the Center, particularly as the university's emphasis on economic development has increased. Nevertheless, some observers within the economic development community believe that more concrete steps could be taken to increase the Center's resources and profile.

Interviews

Eric Abdullateef, Economic Development Specialist, Hawaii Department of Business, Economic Development, and Tourism, Honolulu, HI

Dana Alden, Chair, Department of Marketing, College of Business Administration, University of Hawaii at Manoa, Honolulu, HI

Elaine Bailey, former director, Pacific Business Center, University of Hawaii at Manoa, Honolulu, HI

George Bouillion, Owner, French Institute of Hawaii School of Cooking, Honolulu, HI (client)

Keith Mattson, Director, University Connections, University of Hawaii, Honolulu, HI

Lisa Dang, Interim Director, Pacific Business Center, University of Hawaii at Manoa, Honolulu, HI

Gail S. Fujita, Economic Development Representative, Economic Development Administration, Honolulu, HI

Richard Halverson, President, Guide.net, Honolulu, HI (client)

Carolyn Imamura, Pacific Basin Development Council, Honolulu, HI

Kirk Jacob, President, Trucks for the Twenty-first Century, Honolulu, HI (client)

Peter Kam, Hawaii Business Group Incorporated, Honolulu, HI (client)

David McClain, Dean, College of Business Administration, University of Hawaii at Manoa, Honolulu, HI

UNIVERSITY OF SOUTHERN MAINE

CENTER FOR BUSINESS AND ECONOMIC RESEARCH

Service Area Characteristics

The University of Southern Maine's University Center is located in Portland, the largest city in a predominantly rural state, and serves the entire state of Maine. Maine is a state of economic contrasts. Within the state, there is a clear sense of the "two Maines." The southern part of the state has a healthy, vibrant economy with a very low unemployment rate and significant employment growth. On the other hand, much of Maine is very rural and its more remote, northern counties suffer from high unemployment, declining population, and limited economic growth. While some counties in southern Maine are experiencing large population growth, Aroostook County in northern Maine has seen a loss of close to 11,000 residents, or 12.5 percent of its population, between 1990 and 1998 alone. Similarly, unemployment rates in 1999 ranged from only 2 percent in Cumberland County in southern Maine to 9.2 percent in Washington County in northeastern Maine. A 1999 state report of the Maine Economic Growth Council found clear evidence of the continued economic disparity within the state. An analysis of per capita income by county found that the gap between Maine's wealthiest and poorest counties has steadily increased since the 1970s.

The Maine economy was historically tied to traditional industries—most notably, shoes, textiles, and the paper industry. Many communities have been seriously impacted in the past two decades by declines in these more mature industries. The adjustment to this decline has been very uneven. In southern Maine, the growth of teleservice companies, electronic component manufacturing, financial services, and other technology-based companies has led to renewed economic vitality in many communities. In contrast, the more northern and rural counties that are largely dependent on natural resource-based industries (agriculture, fishing, and wood products) and tourism have seen much more limited growth of new jobs.

Maine has a relatively highly developed infrastructure of Economic Development Districts (EDDs) that provide a wide range of economic development assistance targeted to distressed communities. These districts have been involved in efforts to diversify the economies of those communities most hard hit by economic restructuring. In addition, the state has developed a number of economic development initiatives aimed at addressing economic disparities within the state.

Profile of the University Center

The Center for Business and Economic Research (CBER) is part of the School of Business at the University of Southern Maine. This university, part of the state university system, has grown significantly in recent years to become the largest campus in the state system.

Originally named the New Enterprise Institute, the Center pre-dated the EDA University Center Program and was founded to provide economic data and business formation counseling

within the state of Maine. It received its first EDA funding in 1977. Prior to 1998, it remained involved with a wide range of economic development services including entrepreneurial development and technology transfer. CBER supported a range of economic development services in the state including the Maine Enterprise Council and the Maine Metal Products Association. It also published *Maine Business Indicators (MBI)*, a newsletter that has provided analysis of the Maine economy and business conditions for about 35 years.

CBER underwent a major transition starting in the late 1990s. At that time, Maine's EDDs, as well as its EDA Economic Development Representative (EDR), began to question the role of CBER and its relationship with the EDDs. Before 1992, the EDDs did not even know the Center existed. The EDR pushed to build relationships between the EDDs and CBER. The focus of this new relationship was on having CBER provide assistance to the EDDs on the development of their Overall Economic Development Programs (OEDPs). The concept was that if CBER provided the EDDs with the basic data and analysis that they needed, the districts would have to spend less time crunching data and could spend more time on service delivery. The EDDs developed a user group to determine what was needed and what type of data to use. This group guided CBER in its efforts to support the OEDP, now the CEDS, process.

The management of CBER also went through a transition beginning in 1998. When the director of CBER left, the decision was made to have the Center managed by two codirectors. One director was the state director of the Small Business Development Centers, which was also housed at the Business School at the University of Southern Maine. This director had close working relationships outside of the university with economic development officials and businesses in the state. The second codirector was on the faculty of the business school. He brought his academic expertise in business as well as his relationships and understanding within the University of Southern Maine and its business school. Both codirectors report directly to the dean of the School of Business.

Currently, the stated mission of CBER is "to provide research capacity and technical assistance to Maine government, public organizations, and private enterprise using the expertise of University of Southern Maine faculty, staff, and students. Its primary role is to identify, test, and implement economic development mechanisms throughout the state that are designed to foster employment and income growth in distressed, disadvantaged, and underdeveloped areas." In practice, its focus is to increase the economic development capacity in the state by providing research and information for both the economic development community and the business community in Maine.

The current ongoing major projects of CBER include the following:

1. ***Maine Business Indicators.*** *MBI* is a newsletter that has provided businesses and economic development officials in the state of Maine with data on the Maine economy. This publication has been a foundation of CBER's activities since the Center was established. As part of its effort to become more "client" focused, *MBI* was recently redesigned based upon a focus group that involved businesses and the EDDs. Clients of CBER thought that the publication could be improved if there were more business-oriented stories in addition to the data. Currently, *MBI* is published four times a year and about 1,200 copies are sent out to legislators, members of USM's Corporate Partners, economic development

organizations, libraries, and other interested parties. *MBI* is overseen by a managing editor. In addition, the business editor, who is from the Business School, edits the publication and provides stories with business interest. A widely respected faculty member, who holds joint appointments at the Muskie School of Public Policy/Management and CBER, provides the data analysis on the state's economy, including projections that are widely used throughout Maine. This individual also serves as *MBI's* economics editor.

2. ***Maine Business Works.*** EDDNET, The forerunner to Maine Business Works, was developed in 1996 as a network to connect the state's EDDs with CBER and the Maine Small Business Development Centers. CBER received funding from the U. S. Department of Commerce's Telecommunication Infrastructure and Information Assistance Program and matching funds from Maine's Department of Economic and Community Development to create the infrastructure required for the project. In 1998, Central Maine Power proposed a collaborative venture to take this effort to a new level and to create Maine Business Works, an electronic portal to economic development information in Maine. The role of CBER in this effort includes developing and maintaining the economic databases needed by the EDDs and helping to maintain the system. The site was developed by CBER, which has played a fundamental role in developing the content. More importantly, the process has provided EDDs with critical infrastructure and telecommunication capacity. EDDs are now wired through the university and have an intranet for communications amongst them. This project is now being spun off and will be operated through a new organization—a 501c3 being created through a partnership of EDDs. The Department of Economic and Community Development (DECD) in the state will take over the management of the site. CBER will continue to provide the content for the site—most notably, economic data and information from its workforce study.
3. ***Maine Labor Force Analysis.*** Thus far, CBER has received almost \$600,000 in state and regional funding to undertake a comprehensive analysis of the Maine labor force. This ongoing effort involves a statewide survey of both households and employers. One objective of the study is to provide policy makers and practitioners in Maine with accurate and more comprehensive data on the capacity and needs related to the state's workforce. A second objective is to provide economic development and market research data useful in business attraction and expansion to all interested business persons and economic development professionals via the Internet. In addition to undertaking a number of more academic research efforts with the data, CBER will be providing the data and analyses on a regional basis as part of the Maine Business Works system.
4. ***Economic Forecasting and Analysis.*** CBER houses Maine's REMI model, an econometric model that allows for economic forecasting and impact analysis. CBER's economic forecasts, based on this model, are widely used throughout Maine. In addition to the EDDs, state agencies such as the Maine Turnpike Authority, the Maine Department of Transportation, and numerous other public- and private-sector entities have used the Maine forecast in their own planning activities. Professor Charlie Colgan, the economist responsible for the forecasts, makes presentations throughout the state about the Maine economy.

In addition to these larger projects, CBER has recently been involved in a number of more direct technical assistance types of activities:

1. ***Credit Scoring Analysis for Community-Based Lending Organizations.*** A statewide organization involved in development financing asked CBER to analyze the 1,000 loans it has made over the last 20 years. Three faculty members and an undergraduate student worked on a project that developed a credit scoring system for the organization. They reviewed the credit scoring system used by banks and then developed a credit scoring system that was able to predict bad loans in five out of six cases. This work was accepted for publication in a national journal and will be presented at two national conferences.
2. ***Book of Lists and Fact Book.*** CBER was asked by *MaineBiz*, a regional business publication, to put together its annual book of demographic and economic data on the economy. The project was completed by a graduate student with some guidance from one of the directors of CBER. This was a one-time effort. The magazine has greatly increased its in-house staff and currently produces the data in-house without help from external parties such as CBER.

CBER has collaborative relationships with other departments and centers within USM. In particular, it shares some staff with the Muskie School, the College of Arts and Sciences, the School of Applied Science, and the state SBDC. Outside of the university-based organizations, CBER's strongest collaborative relationships are with the EDDs, particularly those located in relatively close proximity to the Portland Campus. CBER also has developed an ongoing funding relationship with the state's Department of Economic and Community Development.

University Center Role in Addressing Local Economic Development Needs

CBER does not directly target its resources to distressed regions in Maine. Its assumption is that it primarily serves the EDDs, and these organizations, in turn, target their resources to communities in the state that are in the most economic need. However, given the orientation of the EDDs, CBER assumes that between 80 and 90 percent of its activities serve distressed communities.

In its effort to become more client focused, CBER developed a much closer relationship with the state's EDDs. EDDs are a very fundamental part of Maine's economic development infrastructure. The state has five EDDs: Northern Maine Development Commission, Eastern Maine Development Corporation, Androscoggin Valley Council of Governments, Kennebec Valley Council of Governments, and the Southern Maine Economic Development District. These five districts cover most of Maine. The only remaining area also has a regional economic development organization, the Mid-Coast Council for Business Development. These regional organizations have developed strong collaborative relationships, most notably in the creation of the Maine Economic Development District Association. This Association has played an important role in working with CBER in the redesign of its services and in the development of Maine Business Works.

The data analysis and dissemination services provided by CBER are very important to the EDDs in Maine. According to the staff at three of the EDDs, CBER's assistance in economic data analysis has freed up their staff time. As a result, CBER leverages staff capacity at each of

the EDDs. In addition, EDD staff note that the CBER's economic data has been useful in their efforts to access other federal and state funds.

The Labor Force Analysis project, while not complete, is greatly anticipated by state, regional, and local economic development practitioners throughout Maine. There is a growing recognition that one of Maine's greatest economic development challenges lies in better preparing its workforce with the skills needed by employers in the state. The labor force study, which has included extensive assistance from the EDDs and ongoing funding from the state, will provide a unique source of new data on the Maine labor force.

Many of the EDDs believe that CBER was fundamental to their ability to become more technologically sophisticated. As part of the Business Works project, CBER worked with most of the state's EDDs to develop the physical infrastructure that was needed to create an intranet and the technical expertise to use the Internet as part of their economic development activities. One EDD noted, "We would not have had Internet service or access without CBER. We did not even think about it. Now we have wireless access through the university and the service is the backbone of our communication infrastructure." Another EDD noted, "Without that grant to begin with, I don't know when and how we would have gotten all our staff wired. It has been a remarkable revolution in how we do business."

CBER had also focused its efforts on meeting the information and research needs of some of the key industries in Maine. Most notably, for many years, CBER provided staff and research support for the Maine Metal Products Association. In addition, the codirectors looked at other industry associations as an important potential client group. As a second effort in working with associations, CBER provided assistance to the Maine Specialty Foods Association. However, given limited resources at CBER and the unwillingness of trade associations to pay for these services, these efforts have been abandoned. The failure to sustain this effort to provide technical assistance to trade associations highlights the difficulty that a University Center has in supporting faculty involvement without considerable financial or scholarship incentives.

CBER's geographic reach has been relatively limited. While it does provide data and analyses for all of the EDDs in the state, it is clearly better able to serve those communities that are in closer proximity to the city of Portland. Communities outside of southern Maine are less likely to call on CBER for specific technical assistance projects, or even for general information on the economy. One distant community noted, for example, that it looks to the University of Maine in Orono for some of its economic development needs.

As the Center moves forward, it is looking to expand its services beyond this constituency. It is increasingly looking towards the business community as a potential client and source of funding. However, even in its approach to the business community, the focus is on larger research questions of importance beyond one individual business.

University Center Role in Mobilizing University Resources

Over the last five or six years, the University of Maine System has made a renewed commitment to its role in promoting community outreach by faculty and supporting economic development activities in the state. According to many, until recently the state had no connection to the university system. The doors are open now. The leadership of the University

of Southern Maine is very committed to ensuring that public service for the benefit of the citizens of Maine remains a critical component of the activities of its departments and faculty.

According to the president of USM, CBER is “a perfect fit with the mission of the University.” He said that community outreach is an USM imperative. Any region that is progressing must have a rigorous and responsive university. USM is now the largest university in the state and the most involved in economic development.

Changes within the School of Business have, however, at times constrained CBER’s potential to better serve the state’s economic development needs. The School of Business is in a state of transition. For the past five years, the primary focus of the dean of the school, as well as much of its faculty, has been on the accreditation process administered by the AACSB, the national accrediting body for business schools. The highest priority of the dean was for the school to become accredited. This has meant that resources and attention were focused on those activities that were important to the accreditation process, and this took the attention of the school’s leadership away from CBER.

While the school has now received accreditation, it is again in a period of transition. The dean of the school left and there is now an interim dean (a past dean who has returned to the position). In contrast to the past dean, the interim dean of the Business School has been highly supportive of the Center and its increasing role in the school. As examples of this support, he has placed the internal codirector on the school’s Leadership Council, an internal board of advisors to the dean, and reappointed him to the Business Advisory Council, a predominantly external board of advisors to the dean. In addition, he has provided the internal codirector with release time from teaching to allow for further development and expansion of CBER, whose budget and project portfolio have quadrupled over the past two years. Lastly, in keeping with the interim dean’s enthusiastic support, the Business School faculty elected the internal codirector to the dean’s Search Committee, as well as to most of the faculty search committees, in order to ensure that CBER’s outreach interests are well represented in these hiring processes.

An issue that CBER is taking very seriously is how to create better incentives for faculty to get involved in CBER projects. Many of the Business School faculty have outside consulting opportunities that are more lucrative than working through CBER. As someone at the university noted, “The chancellor, presidents, and provosts can sing all they want, but if the faculty doesn't want to do it, that is what is important.”

CBER has found that without additional incentives, i.e., release time or academic research opportunities, it has been difficult to interest faculty in working on CBER projects. CBER’s recent approach to faculty is to focus on projects that have the potential for resulting in publishable papers. CBER’s codirectors believe that an important byproduct of their efforts is scholarship and the generation of academic papers. This creates a win/win for the Center and faculty and Maine. Ideally, CBER projects should have some academic interest. For example, CBER was able to attract faculty interest in its Labor Force Analysis study because the survey will generate new primary data that faculty members will be able to use to publish academic papers.

The potential use of “release time” is another incentive that CBER is exploring to generate greater faculty interest in its activities. To accomplish this, CBER is trying to better engage the business community in its activities. It has recently received a \$45,000 grant for a private-sector

research project of a local bank. According to one of CBER's codirectors, this project represents a "culture" change because it provides faculty with supplemental income and also release time and provides funding for graduate students.

The codirectors of CBER have also emphasized the importance of the Center's activities to the students in the school. CBER has actively sought to involve top students in its projects and to use Center projects as a means of augmenting the academic experience of the students. CBER projects have thus played an important role for a number of students in the Business School, providing them with internship arrangements and real life experience. According to students, this has not only provided them with money and other forms of support while they are pursuing their degree, but with career enhancement.

A remaining challenge for CBER involves its role vis-à-vis other schools within USM, as well as with other centers within the Business School. CBER is one of a number of diverse economic development-related centers housed in the School of Business. Other centers include the Center for Real Estate, the Center for Entrepreneurship and Small Business, and the Small Business Development Center. In addition, other schools within USM, most notably the Muskie School, have considerable resources that could be important to meeting economic development needs in the state. While there are some clear areas of collaboration—most notably sharing a codirector with the SBDC and faculty from the Muskie School, the College of Arts and Sciences, and the School of Applied Science—from the outside, it is not always clear how to access the resources of USM as a whole. Aside from establishing and maintaining the EDDs' linkage to two of USM's servers for e-mail and Internet access, CBER plays a very limited role in helping EDDs or others to access other USM resources. Even within the Business School there is a sense that there is some inefficiency in having a number of different centers that have diverse missions and, therefore, cannot always collaborate effectively. Some actors in the state think that CBER could play a larger role in building relationships with other faculty outside of the Business School at USM. CBER could be used more frequently as a one-stop shop for getting any economic development assistance from the university as long as it does not conflict with the role and mission of the SBDCs. As one economic development official in the state noted, "Academia is a mysterious world and we need a guide. We do not have the time to figure it out ourselves."

Another challenge that CBER and the university face is how to market faculty as a CBER resource. When faculty members are involved in a project, it is often difficult to distinguish whether their involvement stems from their faculty position, their role as a staff person at CBER, or their own private consulting activities. From the point of view of CBER, "It is hard to track and it doesn't matter. It is difficult to untangle the relationships." However, this does create some confusion in the field about faculty involvement in economic development activities.

Factors Influencing University Center Performance

The University Center at the University of Southern Maine is primarily focused on generating data related to the economy of Maine. It has tried to make its data products responsive to the needs of state and regional development organizations, particularly under its new leadership during the past three years. Several factors have made it effective in meeting the needs of economic development constituents:

1. ***Focus on the needs of clients.*** CBER has focused on how its services could meet the needs of the state's Economic Development Districts. CBER sees the EDDs as its primary "customers" and has become much more "customer focused," reaching out to the EDDs to ensure that the services that CBER is providing are relevant to the needs of the EDDs and are adding, rather than duplicating, capacity. As a result of this orientation, CBER has been able to provide expertise to the EDDs where it is most needed and to free up the staff time of the EDDs to provide services to their communities.
2. ***Codirectors with academic and economic development relationships.*** The model of having two directors with a different set of skills and relationships has been an effective management structure for CBER. Through the director of the SBDC, CBER has been able to move beyond the academic setting and to take advantage of external relationships with businesses and other economic development actors in the state. Having a Business School faculty member as the other codirector provides CBER with insights, credibility, and visibility within the academic community.

CBER faces a number of challenges in its efforts to effectively meet the economic development needs in distressed communities in Maine:

1. ***Low visibility and large geographic scope.*** CBER's role in meeting the economic development needs of distressed communities in Maine is impacted by its generally low visibility and by its geographic location. CBER could play a greater role if it did more outreach. According to one actor in the state, "Relationships are made by accident. They are not strategic." Moreover, the service area in the state of Maine is so big that it is really only able to effectively serve the lower half of the state. CBER staff are not able to maintain strong relationships with clients in the more rural and distant counties in Maine. However, this geographical handicap is slowly being overcome by CBER's success in conducting statewide projects that reach all corners of Maine. For example, the recent success of both the Labor Force Analysis (LFA) project and the Maine Business Works project will significantly improve CBER's visibility in the more rural and distant counties. The LFA project team has recently presented workshops throughout the state from Lewiston-Auburn to Caribou, and plans to stage a major statewide education/training event in the late spring that will surely heighten public awareness.
2. ***Lack of incentives for faculty participation.*** CBER's effectiveness at meeting the economic development needs in the state has been somewhat limited by its difficulty in providing Business School faculty with adequate incentives to become involved in its projects. With very limited resources, it does not have the financial means to attract attention from the full faculty, so it is looking to other types of faculty incentives and to USM's best graduate students as an alternative source of talent.
3. ***Lack of leadership from Business School dean in the past.*** The lack of stable leadership at the Business School has affected CBER. CBER has not been a high priority of the school's leadership in the past. While the interim dean has turned that around, the current transition of leadership represents a potential challenge, as well as an opportunity, for CBER.

Interviews

Bruce H. Andrews, Ph.D., Center Codirector

Charles F. Davis, Center Codirector

Michael Donahue, Business Editor, *Maine Business Indicators*

Charles Colgan, Ph.D., Economics Editor and Research Associate

Jack Jensen, Ph.D., Research Associate

Scott Robinett, MIS Director

Irena Yegorova, Graduate Assistant

Mike Bush, Director of Community Development, Eastern Maine Development Corporation

Chuck Morgan, Director of Economic Development at Southern Maine Economic Development District

Karen Martin, Senior Planner and Economic Development Director, Greater Portland Council of Governments

Donna Brassard, Editor, *MaineBiz Magazine*

Bob Thompson, Executive Director, Androscoggin Valley Council of Governments (EDD)

Rich Pattenaude, President, University of Southern Maine

Paul Schumann, Head of Corporate Partners (200 member firms that are “friends” of USM)

Steve Levesque, Commissioner, Maine Department of Economic and Community Development

Allan Brigham, Director of Policy and Planning, Maine Department of Economic and Community Development

UNIVERSITY OF MARYLAND EASTERN SHORE

RURAL DEVELOPMENT CENTER

Service Area Characteristics

The Rural Development Center (RDC) at the University of Maryland Eastern Shore (UMES) serves the nine counties on Maryland's part of the Delmarva Peninsula. Its primary service area is the four counties on the lower shore, and its secondary service area is the five counties on the upper shore. These nine Maryland counties are separated from the rest of the state by the Chesapeake Bay. It is a predominately rural area; the largest city, Salisbury, has a population of 21,000.

Three of the four counties on the lower shore are among the most distressed in the state. They score lowest in Maryland on a number of statistical indicators. For example, they contain the lowest median incomes and housing values in the state, the highest percentage of child poverty, the highest percentage of Medicare and Medicaid benefits per capita, and the lowest percentage of high school and college graduates. Three of these counties have unemployment rates that are more than double the state average of 3.4 percent. Furthermore, over 25 percent of the residents in each of these four counties have incomes under \$15,000 per year; whereas, statewide, only 13 percent have incomes under this level. On the other end of the spectrum, only 20 percent of the residents in these counties have incomes over \$50,000; whereas, statewide, 40 percent of residents have incomes above this level.

Much of the economy is dependent on natural resources. Agriculture is the primary industry, accounting for 45 percent of the regional land area. The encroachment of development and stricter environmental controls pose a challenge to companies that rely on this resource base. The poultry industry in particular, a major employer in the area, exemplifies the problem. Poultry producers require a large amount of space in order to be profitable. With space taken up by other development or precluded by regulation, several companies have left the region. In a number of the counties on the Eastern Shore, the number of farms has dropped by over 25 percent. Another challenge faced by the area has been the closing of military bases and the associated loss of jobs.

While the economy faces various challenges, there are a number of positives. Tourism has become a major driver of the economy, as the area is the main beach destination for the Washington–Baltimore region. Ocean City, the Eastern Shore's largest tourist spot, accounts for 7.5 percent of the state of Maryland's tourist revenues. It is the second-largest tourist attraction in the state behind Baltimore. Also, Salisbury, the region's largest city, has emerged during the last 20 years as a diversified center for light manufacturing.

Profile of the University Center

The RDC was founded in 1990 upon recommendation from the Lower Eastern Shore Economic Development Task Force, an entity commissioned by Maryland's governor. The University Center's main activity is to give small grants to local governments and organizations in support of economic development and other planning projects. Grants range from a few hundred dollars up to \$15,000.

The RDC is staffed by its director, Dan Kuennen, and an administrative assistant. Despite this small staff, the Center also runs four revolving loan funds (RLFs). Three of these RLFs were capitalized with EDA funds, while the fourth received USDA funds. The RLF funds are targeted at manufacturing companies that create permanent jobs. RDC makes loans for fixed assets, real estate, or working capital. The loans are typically in the range of \$150,000 to \$250,000. In addition to the RLF and University Center funds, the RDC has been awarded other money by EDA and the state of Maryland that add to the pool of grant funds for local groups. The Center has lent over \$9 million, leveraged \$60 million, and benefited over 4,000 jobs.

The RDC is administratively housed in the UMES extension office, and the director reports to the head of that office. Because the school is an historically black university, it is eligible to receive federal land grant funding. UMES uses state money to match USDA 1890 Land Grant funding, as well as EDA University Center funding. Other than the RDC, the UMES extension office focuses strictly on agricultural issues. Its programs include a focus on swine, nutrition, and 4-H.

UMES is a small school, with an enrollment of about 3,000. There are very few graduate level programs. Therefore, the RDC does not have a large resource base on which to draw at the school. Only a few UMES faculty have been involved in RDC projects. These include a history professor, an aquaculture professor, and the members of the construction management department. The staff has also made connections with faculty at other schools, including a few in the University of Maryland system, especially Salisbury State University, as well as from independent schools. It has also drawn on extension agents in a few cases, including work on a greenhouse housed at UMES that seeks to develop the hydroponic agriculture industry in the region.

Grants offered by the Center are typically used for feasibility studies. Some are directly related to economic development, such as industrial park expansion, infrastructure construction, or the redevelopment of commercial property in a central business district. Others are more tangentially related to economic development, such as the development of a community baseball field, a housing project, and a child care center. Other RDC-funded projects include strategic and economic development plans for towns and counties, industry impact and market studies, and tourism events. In a few cases, the RDC has funded Overall Economic Development Programs (OEDPs) and Comprehensive Economic Development Strategies (CEDS).

The grants often pay for a consultant to provide a service or to conduct a study. The RDC does not make the decision as to whom the client hires, though the RDC director will provide a list of people who are capable of providing such services. The RDC also serves as an informal resource to many of its clients, providing phone consultation and advice on a variety of economic development issues.

University Center Role in Addressing Local Economic Development Needs

RDC clients are strong supporters of the program, and see the grants as an invaluable resource. The program is very flexible and clients see it as directly responding to and meeting their needs. In this under-resourced rural area, the grant program allows the RDC to serve a wide variety of clients, even though it has limited staff capacity. RDC clients interviewed for this case study insisted that local economic development efforts would suffer should the Center cease to exist. Not only is the RDC offering grant money that does not have to be repaid, it does so with very quick turnaround, and with a very small amount of paperwork. The director uses his best judgment as to which clients will be successful, and he has a positive record in this regard.

Many of the projects have led to follow-up action by the clients and to improved economic development outcomes. RDC funding creates the clearest positive outcomes when it is used to pay for feasibility studies. In one case, a community organization wanted to build affordable housing. However, it had trouble raising money because it did not have appropriate architectural drawings. An RDC grant allowed the organization to hire a consultant to develop these drawings. The organization was then able to raise additional funding for the project. Similarly, one town needed design work for a recreational baseball field, and another needed a design for expanding its industrial park. Both towns used the architectural plans, paid for with RDC funds, to raise additional money to complete these projects. In the case of the industrial park expansion, 200 new jobs were created.

Another RDC grant paid for a “Marketing Audit and Economic Development Analysis for the Town of Vienna,” a town of 300 residents. The mayor saw a need to enhance the town’s economic development profile and capacity, but was unsure of how to do it. A professor from Salisbury State University and his students conducted an economic analysis for the town and made a number of recommendations, many of which were successfully carried out. For example, the town of Vienna and neighboring communities jointly hired an economic development staff person. This allowed several very small towns to dramatically increase their economic development capacity in a relatively short time.

It is important to note that the Center is not simply a grant-giving and loan-making entity. The Center is viewed as an economic development resource by a number of the clients who have received funding. The director plays an important networking role, pointing clients towards other resources, both financial and otherwise. He has helped bring various groups together, in some cases helping to start new nonprofit organizations. He has provided technical assistance to these groups, assisting them in becoming incorporated entities. He has also been a sounding board for a variety of community and economic projects around the region.

Despite demonstrated positive results on a number of projects, a significant limitation of the Center is that it lacks an overall strategic direction and substantive connection to a regionally

developed economic development plan. Through no fault of the Center, a strategic economic development plan has not been conducted for the region. Currently, there are no Economic Development Districts (EDDs) in the area. The state government's economic development representative to the region is focused on support of existing businesses, not on longer-term, comprehensive development. Through an EDA grant to the Center, the feasibility for two EDDs was studied, and two EDDs are now being formed.

In the absence of an overall regional strategic plan, the Center director uses his own discretion in making funding and project decisions. He has stated that his highest concerns are the effectiveness of the grantees, and increasing the likelihood that projects will be successfully brought to completion. Nonetheless, without an overall strategy, the Center often responds to isolated projects. Also, because the Center does not have an advisory committee to oversee its operations and the distribution of funds, it lacks an institutionalized community presence to make certain it stays on track and remains responsive to community needs. Such a board could encourage the Center to fund projects that perhaps had more regional benefit and were more directly tied to economic revitalization.

The RDC's primary service area contains the poorest counties in the state. However, the grant program is not targeted only to this area. Many of the grants are made to the relatively better off northern sections of the eastern shore. The director noted that, when compared to the University Center program requirements on using funds in distressed communities, the requirements for RLF and other EDA funding he administers are much more strict. Therefore, when all of the RDC's funds from EDA are combined, a high percentage is targeted at distressed communities. When the University Center funds are looked at on their own, the percentage spent in distressed communities is lower.

University Center Role in Mobilizing University Resources

While clients find the RDC an indispensable resource, few of the groups that the RDC funds have had much interaction with UMES. Examples of UMES faculty involvement with RDC-funded projects are limited. One faculty member who teaches aquaculture has used RDC funds to provide technical assistance to farmers in the area. He involves students in the outreach efforts, providing them with a "real world" learning experience. Another example of university involvement was a professor who developed an African-American Heritage tour for a local tourism office.

A principal reason for such limited engagement with university faculty is the small size of the school. Mr. Kuennen has difficulty making use of university resources because there are so few resources to mobilize. Enrollment is only about 3,000, there are very few graduate level programs at the school, and the university is oriented toward liberal arts.

None of the departments closely match the activities of the RDC. There is a business school, but it only offers undergraduate programs. Few faculty appear to have the expertise that could be applied to the community needs and challenges of RDC clients. Also, in the earlier days of the program, RDC staff directed some client groups towards faculty at UMES. However, in a few cases, clients were disappointed with the quality of the work. As a result, the Center no longer directs clients to specific faculty.

The university president places a heavy emphasis on outreach and connecting faculty to the community, but it is hard to tell what kind of an impact it has or will have in the future. It is also unclear how much the RDC is viewed by the administration as the preferred vehicle for faculty-community interactions. The school's current strategic plan, while mentioning the importance of outreach and extension efforts in general, does not specifically mention the RDC.

One way that the RDC has dealt with the limited academic resources at UMES is to work with faculty at other universities, as well as with extension agents. Consultants on RDC-funded projects have included professors at a few schools throughout the University System of Maryland, and one who was from an independent school. One professor from Salisbury State University has been a consultant on a number of UMES projects. Clients have been very satisfied with his work, and the Center often includes him on lists of potential consultants. Extension agents have also been involved in RDC projects. Some of these agents are housed in other area schools, and some are stationed in local government offices.

A change may occur with respect to the involvement of UMES faculty. The president of UMES has discussed appointing the RDC director as "Special Assistant to the President for Outreach." These discussions have been concluded, and the director is not sure what impact this new appointment would have. Nonetheless, it is possible that there will be greater integration of the school and RDC activities. Furthermore, change may result from a recent EDA evaluation of the Center. After it was noted that the university failed to mention the RDC in its strategic plan, UMES indicated that it would include a description of the Center and its services in the plan that is currently being developed.

Factors Influencing University Center Performance

The RDC is an effective catalyst for economic development projects throughout its service area. The staff is knowledgeable and has created positive outcomes.

Several staff-related factors influence the Center's performance:

- 1. *Skills, commitment, and connections of the staff.*** The director of the RDC leads a one-person operation, and has had success given its limited resources. The Center receives high praise from clients as well as state and national economic development officials. The director is on a variety of local boards and task forces, and stays abreast of economic development activities throughout the RDC's service area. As a result of the Center's successes, EDA and other funders have awarded the RDC a significant amount of additional funding. The RDC runs a variety of revolving loan funds, and has given out grants in an amount that far exceeds the University Center award from EDA.

Several factors limit the Center's performance:

- 1. *Limited economic development capacity and coordination in the region.*** There are only small towns in the area, and they often can only hire staff on a part-time basis. Many of these individuals often work for multiple communities, which frequently results in over-extended staff and limited capacity. Furthermore, counties in the region do not have coordinated economic development plans. The state's economic development representative to the region has narrowly defined responsibilities. Also, there is no EDD

in the region. All of this makes it difficult for the RDC to support projects that are beyond its limited scope and capability.

2. ***Lack of a culture of outreach.*** The University of Maryland Eastern Shore is a small school in a rural area. With a total enrollment of 3,000 and no programs or departments that directly match the mission of the RDC, the Center has few resources on which to draw. Furthermore, the host school has an orientation towards liberal arts, and the administration does not actively encourage faculty to participate in RDC projects.

Interviews

Nancy Howard, President, and Nancy Challenger, President-Elect, Lower Eastern Shore Heritage Committee

Paulette Greene, Vice President, People for Better Housing Inc., Federalsburg

Russell Brinsfield, Mayor, Town of Vienna

Sue Simmons, Director, Caroline County Recreation and Parks

Terry Fearins, Town Manager, Town of Denton

Dr. Conway Gregory, Grants Administrator, towns of Federalsburg and Preston

Sandy Martuchi-Turner, Coordinator, Cecil County Tourism

Brenda Jasper, Chair, Physician Assistant Department, UMES

Steven Hughes, Asst. Unit Leader, Fish and Wildlife Unit, UMES

Dale Maginnis, Director, Delmarva Advisory Council

Henry Brooks, 1890 Grant Administrator, Extension Office, UMES

Eucharia Nnadi, VP for Academic Affairs, UMES

Paige Bethke, Eastern Shore Regional Manager, Maryland Office of In-State Business Services

EASTERN OREGON STATE UNIVERSITY CENTER

Service Area Characteristics

Eastern Oregon is rural and very sparsely populated. Economically, it contrasts rather dramatically with substate regional economies in western Oregon, particularly those in the Willamette Valley along Interstate 5 and in the south coast area. There, technology, manufacturing, tourism, and the emergence of dot.com firms have left the economy in very good shape. In effect, these regional economies of Oregon have greatly benefited from the economic good times experienced by much of the rest of the country, and have made an effective transition to the “New Economy.”

Eastern Oregon and communities in the southern interior section of the state, on the other hand, have not done well economically. Eastern Oregon, for example, has been quite dependent on natural resource-based industries, like agricultural, timber, and mining, each of which has declined in recent years. Typically, this has meant higher unemployment rates. For example, in 1999, Grant County’s unemployment rate was 2.5 times higher than the rest of the state. Counties in the east have incomes that are sometimes 10 to 14 percent below those of the rest of the state. In 1999, Wheeler County was ranked 35th out of 36 counties in per capita income.

Many communities in eastern Oregon lack the kind of physical infrastructure and facilities that are attractive to new businesses. As the agricultural and timber industries declined, so did the tax base of the communities. They cannot afford improvements in water and sewer capacity or make investments in telecommunications. As a result, their ability to bring in new companies has been quite limited.

Finally, overreliance on agriculture and timber, as well as a dependence on government jobs, has left the economy of the east less diverse and resilient than its counterpart in the west. The eastern economy is much more fragile and will remain vulnerable to more decline until it becomes more diversified and builds a stronger foundation.

Profile of the University Center

The University Center is housed in the Regional Services Institute (RSI), which was established in 1979. Both RSI and the University Center have historically been positioned as the principal outreach and community and economic development organizations within the university. RSI was created because the University believes it had an obligation to offer community and economic development resources to cities and towns in the 10-county service area. The University Center, on the other hand, was established to focus more intensively on helping the region make a transition to a more knowledge-based and technology-oriented economy.

In addition to housing the University Center, RSI also hosts a Small Business Development Center and the Mine Safety & Health Program. Each program serves a slightly different geographic area. RSI serves ten counties in the state, the SBDC covers five counties,

while the University Center and the Mine Safety & Health Program encompass the entire state of Oregon. Consolidating the Center, the SBDC, and the Mine Safety & Health programs under RSI is an attempt to bring a greater level of scale to the university's community and economic development tool kit.

Since its inception, RSI has had a great deal of visibility in the state and in the region. Although the University Center was created in 1990 to focus more on transitional economic development and diversification issues, few people actually see or understand the distinction between RSI and the University Center. They are perceived as one and the same.

Historically, RSI was one of four programmatic and administrative offices that served under the university president. The new president, however, in office for two years, is changing the university's management structure and RSI will now report to the vice president for administrative affairs. An advisory committee of approximately 25 people guides the RSI program.

Terry Edvalson was the first director of RSI and the first Center director as well. A second Center director served during the mid to late 1990s. Dan Stark, a former community planner and a consultant to tribal governments throughout Oregon, is the third director. He has been with Eastern Oregon University since 1996. In addition to Stark, the Center has a program specialist and office administrator. It also uses students for a variety of administrative tasks.

RSI concentrates its activities and services in two principal areas: technical assistance and applied research. The distinction between technical assistance and applied research is often not a sharp one. In its goal to help diversify and strengthen the rural economy, RSI works extensively on telecommunications policy and infrastructure; designs and interprets community surveys that guide local community and economic development policy and programs; offers training and technical assistance on Geographic Information Systems (GIS); organizes a GIS Users Group; coordinates an annual conference on GIS; and collects and interprets economic data on the rural economy for communities and counties undertaking strategic planning. RSI staff also make presentations at conferences and forums related to economic development (e.g., Enterprise Rotary Club, Oregon Rural Development Council, Burns Community Leaders Group, and Mid-Columbia Technology Conference).

RSI has worked with several tribes on tourism projects and has helped them secure 501(c)(3) status for a set of development initiatives. For small businesses, it offers training programs and technical support on Internet and e-commerce strategies.

Although the university is noted more for its teacher training and liberal arts programs, faculty are engaged in RSI activities and in helping cities and towns in the region enhance their community and economic development capacity. A number of faculty from the university are also active within their communities, serving on different boards and local committees. The mayor of La Grande, for example, is an economics professor and three other faculty are city council members.

RSI and University Center staff have collaborated with other rural and economic development organizations in the state. They have worked with the Oregon Rural Development Council, Rural Development Initiatives, the Technical Transfer Society, Oregon Economic Development Districts, the Greater Eastern Oregon Economic Development Corporation, and a

number of county-based development organizations. RSI makes use of the services of several of these state and regional organizations when it cannot respond to a client request. It may, in turn, also provide data or technical assistance to these groups, particularly on “best practices” in rural Oregon and on telecommunication issues.

University Center Role in Addressing Local Economic Development Needs

RSI is a major resource to the rural counties in eastern Oregon. The region is very sparsely populated and was highly dependent, until the last decade, on the agricultural and timber industries for its economic base. National and global economic forces (e.g., overproduction, environmental regulations, and cost increases, coupled with profit reductions and corporate mergers), have significantly depressed the agricultural and timber economies. Specifically, the decline in agriculture has meant a loss of farmers and family farms, as well as losses for business that supply and service the agricultural economy. The decline in timber has meant the closure of mills that employed thousands of people and offered union scale wages and good health benefits. Consequently, rural communities have experienced major economic distress, out-migration of young people, high unemployment, declines in family income, and deteriorating downtowns.

These communities faced additional difficulties. They knew they had to transition to a new economy and economic base, but were unsure what path to take. In addition, most of the communities in eastern Oregon had little or no economic development experience. Agricultural and timber companies had been the drivers of the region’s economy, and there had been little need for communities to play an active role in economic development.

These communities needed a better understanding of the economic forces that were being played out in the region. They needed technical assistance for developing strategic plans and playing a more informed role in economic development policy. They needed some specific projects and programs that would lay the foundation for new business and economic activities. And, they needed help from organizations that would work with them rather than doing it for them.

RSI was a good match for these needs. It has designed and integrated survey instruments that communities have used to articulate an economic vision and successfully carry out economic development policies and projects. It has worked with municipalities and counties to collect and interpret economic data. It succeeded in getting fiber optic cable installed for the city of LaGrande and has developed a Telecommunication Consortium to help other communities and businesses gain access to the Internet. RSI’s GIS work provides new forms of data that help communities in everything from guiding salmon enhancement and forest restoration, to helping businesses locate customers, suppliers, and the distribution routes of materials and products. RSI’s Rural Business Online program makes use of a mobile and laptop-equipped classroom to teach and train startup and existing small businesses about e-commerce and Internet use.

RSI appears to have a high degree of client satisfaction. The four clients that were interviewed indicated that it made substantial contributions. The city of LaGrande, for example, was able to secure point of presence (POP) fiber optic cable. RSI staff helped organize a town and country team of elected officials to raise \$167,000, provided technical assistance, and conducted research for the team to get the cable. This telecommunication infrastructure led the Oregon Dental Service to open a facility in LaGrande, hire 50 local people, with plans to hire an

additional 50 people in the near future. Without the fiber optic cable, Oregon Dental would not have even considered La Grande as a site for its facility. RSI has also organized a Telecommunications Consortium that is working with other communities throughout eastern Oregon to build their telecommunications capacity. The increased capacity is also expected to greatly assist private-sector businesses in the region gain access to greater and more powerful service.

In Wallowa County, RSI offered technical assistance and research to county officials who were concerned about a serious deterioration of economic and community life. The decline in the early 1990s of natural resource-based industries had a profound impact on the county's 7,500 people. With little sense of direction and very limited economic development capacity, the county asked RSI for help. Staff worked with the county over several years to map out a plan, a vision, and a series of development projects.

Partially as a result of RSI's work, one of the towns in the county, Joseph, Oregon, has undergone significant revitalization. Its town center is more vibrant, retail activity is up, and its physical appearance has been transformed. A Hometown Improvement Group has been created to oversee other community development initiatives and an Interpretive Center on local history and culture has been built. The Nez Perce Tribe received 501(c)(3) designation as part of its efforts to raise \$1.2 million for an Interpretative Center and related activities in the town. The county is now looking to take over a local airport and develop it into an industrial park.

For the Greater Eastern Oregon Economic Development Corporation, RSI has provided valuable assistance interpreting and analyzing economic data, and designing several community development surveys. RSI's work in the area of GIS over the last several years has led to significant interest in and use of the system among town and county officials, business people, environmentalists, and land-use planners. A GIS Users Group has been organized by RSI and the outcome of this work has given institutions in the region the ability to collect and analyze data in a way that directly influences economic development practice and policy.

Finally, over 700 small business people have received training in use of the Internet and e-commerce. For many of these individuals, RSI's workshops and classroom instruction have been their only exposure to new economy tools and strategies.

RSI appears to be well connected within the eastern Oregon economic development system, working with local communities such as LaGrande, Pendleton, Joseph, Baker City, and Enterprise, as well as the counties. On the county level, RSI is a member of the Contact Committee in Union County, a group of town and county representatives who work collaboratively on a range of economic issues. It has a good working relationship with the economic development districts and several of the area's tribes. RSI, in some instances, also works through local chambers of commerce, particularly in recruitment for its Rural Business Online training sessions. Staff also serve on numerous boards and councils, at the statewide and regional levels (e.g., Affiliated Tribes of Northwest Indians, Oregon Telecommunications Forum, and the Council for Economic Development in Oregon).

RSI's work has been innovative in several respects. For small, rural communities where economic and development issues can create considerable tension or confusion, RSI's community survey tool has been very successful. The surveys have allowed small towns to assess important financial and community issues in an objective fashion for the first time, and they have helped

some counties get a firmer grasp on the kind of economic policies they should be addressing. RSI's approach to its clients—working with them rather than for them—has often slowed down the pace of projects, but it has substantially enhanced the capacity of these towns and counties.

RSI's focus on telecommunications is perhaps its best example of an innovative approach to economic development. The strategy was to have state legislation enacted to secure \$70 million in funding for telecommunications in rural communities. The bill profoundly altered the telecommunications landscape in rural Oregon. RSI's belief that telecommunications capacity is a key resource in helping small communities make the transition to new economic opportunities is already bearing fruit.

University Center Role in Mobilizing University Resources

Eastern Oregon State University has an on-campus student population of 2,000, and a distance learning program enrolling approximately 1,500 students. It is a relatively small school that was initially founded to prepare teachers for elementary and secondary school teaching. It has formed itself into a liberal arts institution, but still lacks the technical and research capabilities of larger higher educational institutions.

Given these circumstances, leveraging university resources has not historically achieved substantial success. Faculty emphasis on teaching and the culture of the university has not aggressively focused on community outreach programs. Individual faculty have been active in their communities, but that has more to do with their commitment to the region than any institutional effort to apply an academic discipline to a regional economy. Nonetheless, the creation of RSI and the University Center, as well as consolidating the SBDC and the Mine Safety & Health programs, demonstrate a commitment from the president's office to make the university a key player in the region's economy.

Faculty that have been active through RSI and the Center are based in Health Sciences, the University's Native American Program, and the Computing and Telecommunications Departments. During 1998–89, faculty contributed approximately 165 hours of time to different projects. The projects involved RSI's GIS program, community surveys, and technical assistance in healthcare, rural development policy, and use of the Internet and e-commerce.

In the same timeframe, nearly 50 students from the university participated in RSI and Center projects. Collectively, they provided about 2,000 hours of assistance. They helped organize and prepare for conferences, entered data, conducted research, mailed and tabulated surveys, and helped with general office and administrative tasks.

Faculty and student involvement in RSI and Center projects and programs could substantively change in the near future, however. The current president is about to institute a new "Four Cornerstone" program that each student will have to complete before graduation. The four elements of the Cornerstone program are

- community service;
- internship/coop experience;
- international experience; and
- undergraduate research.

The president believes that all undergraduates should have direct experience in rural Oregon communities and also carry out applied research. RSI and the Center are positioned to be a major source of service, internship, and research activity. As a consequence, RSI and the Center may leverage significantly more university resources in the future.

Factors Influencing University Center Performance

RSI and the Center have been an effective resource for many constituencies in rural Oregon. Their contribution to dramatically improving the telecommunications infrastructure in the region is impressive, particularly in the strategic emphasis it played in creating this building block of a more diversified economy. Their capacity-building efforts seem to be taking hold, and the outcomes from this often tedious process are beginning to bear fruit. Leveraging the resources of the university and other organizations in the state may not be extensive, but the contribution that those resources have made to local and county governments is considerable. Several factors contribute to the Center's performance:

- 1. *Strong leadership.*** Terry Edvalson's vision, leadership, and performance gave the RSI and the Center a great deal of visibility and credibility in the first years of these institutions. His ability to build alliances, pass key legislation, work with diverse constituencies, conceptualize and implement numerous projects, and be responsive to community needs, helped lay an extremely strong foundation.
- 2. *Staff skills and commitment.*** Staff have a combination of good technical skills and experience, are good listeners, and understand the culture and needs of rural Oregon. They are able to walk a fine line between respecting communities' needs and responding to them, while also pushing and challenging their clients to have a broader vision of what is economically possible in rural Oregon. Staff function well as mentors and catalysts.
- 3. *Commitment from the top.*** The former president and current president have been powerful advocates for RSI and the Center and have used them to make a difference in community and economic development. Both presidents understood that university resources in a teaching and liberal arts institution would not make the definitive difference in diversifying and strengthening the rural Oregon economy. Nonetheless, they believed that the university could and should play a role. The presidents have served on a number of committees and boards in the region, demonstrating their commitment to outreach and serving as an example the university's commitment. Also, the current president's "Four Cornerstone" initiative should position the university to become a more active player in the regional economy.
- 4. *Organizational emphasis.*** From their inceptions, the RSI and the Center have built strong alliances and partnerships with other organizations and associations in the state. These relationships have extended the resources of RSI and the Center in a resource-poor area of Oregon, allowing them to serve a broader constituent base. Also, the relationship-building has enhanced the visibility of RSI and the Center. Their aggressive and active presence among the state's and region's key organizations has also added to the credibility and integrity of the university.

There are also several factors that limit the Center's performance:

- 1. *Geographic constraints.*** Currently, the University Center program of RSI targets the entire state of Oregon for delivery of services. With a limited staff capacity, it cannot adequately and effectively cover such a large geographic area. If the Center's mission is to help diversify regional economies that have been too dependent on resource-based industries, it should focus on a more limited geographic area, and perhaps should target more of its resources to eastern Oregon where the needs are greater.
- 2. *Diffusion of marketing and promotion.*** The Center's promotional materials do not present a sharp and distinctive message about its focus and services. While there is mention of its work on diversifying regional economies, the materials imply that the Center can be all things to all clients. Services listed are not distinguished from other RSI activities, and the relationship between mission and services is not always clear.

Interviews

Dan Starck, Director, RSI

Steve Turner, Director, SBDC Office at EOSU

Lane Sylvester, RSI Program Staff

Darlene Morgan, Vice President, Finance and Administration, EOSU

Wes Hare, City Manager, City of LaGrande

Steve McClure, Commissioner, Union County

Donna Betts, Northeast Oregon Economic Development District

Ben Boswell, Commissioner, Wallowa County

Chris Knight, Rural Business On-Line

Lisa Breckenridge, Greater Eastern Oregon Economic Development Corporation

UNIVERSITY OF TEXAS-PAN AMERICAN

Service Area Characteristics

The service area of the University Center at the University of Texas-Pan American (UT Pan Am) covers four economically distressed counties in the Lower Rio Grande Valley of Texas. The largely rural area shares a 200-mile border with Mexico and had a population of 710,000 in 1990. Three of the four counties, Hidalgo, Willacy, and Starr, rank at the bottom of almost every socioeconomic indicator, with more than 35 percent of residents living below the poverty level. For example, while the rest of the United States enjoys a robust economy, Starr County still suffers from double-digit unemployment (19.2 percent as of June 2000) and had one of the lowest per capita personal income levels in the U.S. (\$7,550 in 1997, 30 percent of the national average of \$25,288). Similar levels of distress are present in Hidalgo County (14.9 percent rate of unemployment and a \$12,005 per capita income, 47 percent of the U.S. average) and Willacy County (17.6 percent unemployment rate and \$11,945 per capita income, 47 percent of the national average). The fourth county, Cameron, has a somewhat higher income level (\$12,857 in 1997) and lower unemployment rate (9.8 percent in June 2000) as a result of the economic activity of South Padre Island and the city of Brownsville, yet still far below state and national averages.

Adding to these troubling figures are other economic, health, and social repercussions of living along the border. Not only do official indicators point to high levels of distress, but an estimated one in ten Lower Valley residents lives in unincorporated subdivisions known as colonias. A recent count estimates that there are 1,113 colonias in the four counties with a total population of 210,420. These colonias are characterized by substandard housing, and lack of running water and basic infrastructure, such as roads and sewage. Unemployment levels range from 20 to 60 percent in the colonias. An estimated 65 percent of people living in colonias lack health insurance, and 67 percent lack a high school degree.

Overall, the Lower Rio Grande Valley faces some unique economic challenges and opportunities. Chief among them are infrastructure issues. The valley desperately lacks adequate water supply and sewage treatment capacity, a major stumbling block to new job creation. Not only do water and sewage issues affect decisions of companies to expand or locate facilities in the region, but they also affect basic health and living standards for residents. Another challenge is the valley's explosive growth in population, partly a function of immigration. The McAllen-Edinburg-Mission MSA covering Hidalgo County was the third fastest growing metro area in the country between 1990 and 1996, while the Brownsville-Harlingen-San Benito MSA covering Cameron County ranked tenth. This growth places additional social and economic strain on communities in the Lower Valley. One school district in the region has built a new school each year for the last few years just to keep up with the influx of students. A third major challenge is adjusting to new economic forces and shifts in the

economy. While job gains have been made in the last few years, they have also been tempered by major plant closings and downsizings among some of the region's long standing employers.³

These new economic shifts and forces, however, also create some of the valley's greatest opportunities. With the advent of NAFTA, the valley now leads the nation in two-way trade with Mexico. Trade is the region's largest economic sector, representing 25.6 percent of the region's job base.⁴ Officials at UT Pan Am report that trade from the region far surpasses the amount of trade between all of California and Mexico. In order to capitalize on this opportunity, initiatives to create better transportation routes and trade zones between the valley and Mexico are underway. In addition, the region's large bilingual population and relatively large supply of labor are attracting call centers to the Lower Valley. Within the last few years, five call centers have opened facilities, the latest being Teleperformance, Inc. in the summer of 2000 with 1,600 jobs. Not only is UT Pan Am's University Center the catalyst for some of these initiatives, but also new resources from the valley's rural Empowerment Zone (EZ) designation (one of the nation's first three rural EZ designations) have lifted the spirits and expectations of valley residents and leaders for the future. Much of the EZ's focus has been on small business creation.

Profile of the University Center

The University Center at UT Pan Am is part of the university's Office of Center Operations and Community Service (CoSERVE), the public service division of the university. CoSERVE is an umbrella organization encompassing 19 distinct public service, outreach, and community development programs in the university. CoSERVE began in 1986 as a small community and economic development program within the university's College of Business. Today, CoSERVE is an independent community service arm of the university with an annual budget of \$4 million. CoSERVE's programs include the Center for Manufacturing, Small Business Development Center, Non-Profit Resource Center, Center for Entrepreneurship and Economic Development, International Trade and Technology Center, and Data and Information Systems Center, to name a few.

EDA's University Center program became fully operational at UT Pan Am in 1997. It now has one full-time director and two part-time economic development specialists (shared with other CoSERVE centers). It is housed under CoSERVE within UT Pan Am's Division of External Affairs. Use of faculty and students occurs, but is minimal. The University Center's director is part of CoSERVE's five-member management team that oversees CoSERVE's 19 programs and 180 employees. Thus, the Center is considered a lead or coordinating unit within CoSERVE.

The mission of the University Center at UT Pan Am is to serve as a catalyst for assisting distressed communities in achieving their long-term economic potential. It does this by providing ongoing technical assistance around issues of economic development primarily to municipalities, but also to regional and community-based organizations. More specifically, the director of the

³ For example, the recent closing of two Levi-Strauss plants in South Texas cost the region 125 jobs and downsizings at Haggard's plants in Edinburg, Weslaco, and Brownsville have meant a loss of 1,092 jobs in recent years.

⁴ After trade, the two largest sectors are services, representing 24.8 percent of the economy, and government, 24.3 percent of the economy. Manufacturing employs only 9.3 percent of the total job base.

University Center works to coalesce community leaders around a project idea or strategy, defines action steps to implementation, and then brings the assistance and resources of CoSERVE's 18 other centers to help implement the project. Among all of CoSERVE's units, the University Center most often works with the Small Business Development Center and the Data and Information Systems Center. The Center is also unique among CoSERVE's programs in that it focuses on locales rather than specific client populations. For example, while the Women's Business Empowerment Center (WEBC) may focus on women's business issues broadly, the University Center works to funnel the WEBC's resources to distressed communities.

The University Center's role of a catalyst is exemplified in its initial and ongoing assistance to the Rio Grande Valley Rural Empowerment Zone. University Center staff, along with CoSERVE's Community Outreach Partnership Center and Data and Information Systems Center, provided community facilitation, data research, and strategic planning that formed the backbone of the EZ's initial grant preparation. Since then, the University Center has led the Small Business Development Center, Non-Profit Resource Center, Women's Empowerment Center, and Community Outreach Partnership Center in forming the basis of the EZ's One Stop Capital Shop. The Rio Grande Valley EZ so far has allocated approximately \$35.3 million in local projects and leveraged another \$93.5 million from other sources toward economic development projects in the valley.

Two more recent examples of the University Center's role as a catalyst involved strategic planning and economic development work for Rio Grande City and the city of San Benito. The University Center worked with the Center for Local Government, Center for Manufacturing, and the One Stop Capital Shop to convene and facilitate meetings and workshops on a monthly basis for Rio Grande City through 14 committees and over 200 volunteers. The University Center used the findings to develop a strategic planning report that was adopted by the city council. The University Center also worked in conjunction with CoSERVE's Center for Manufacturing and the Data and Information Systems Center to conduct two business and industry needs-assessment surveys for the city of San Benito. The University Center presented the findings to the city, and helped prepare an economic development plan for the city.

University Center Role in Addressing Local Economic Development Needs

Economic development capacity is limited among regional public-private economic development entities in the Lower Rio Grande Valley. The Lower Rio Grande Valley Development Council, the region's Economic Development District (EDD), has one staff person and a total budget of \$35,000 dedicated toward economic development planning. Each of the four counties in the Lower Valley has limited roles in terms of economic development in the region (county government plays a small role in Texas' local governmental system). The Rio Grande Valley Empowerment Zone is the one exception. Within the last three years it has brought significant federal EZ resources to regional efforts.

As mentioned earlier, the University Center's primary client group is municipalities—the level at which much of the region's economic development capacity exists. Each of the cities and towns interviewed as part of the case study mentioned CoSERVE's (and, by association, the University Center's) involvement in shaping its economic future. The city of Weslaco used the

University Center to test the feasibility of an incubator as part of its downtown redevelopment plan. The city of Edinburg receives ongoing data research assistance from University Center resources. Edinburg has also contracted with the University Center to lead its Edinburg 2020 community plan. The city of San Benito used the University Center to conduct a survey and evaluate different development scenarios for its downtown. The cities of Edcouch, Elsa, La Villa, and Mercedes all used the University Center to conduct community surveys as part of their participation in the Rio Grande Valley Empowerment Zone.

The demand for CoSERVE's and the University Center's services far outstrips supply, both because of the tremendous need in the Lower Valley and the scarcity of capacity to provide assistance. Mayors, city managers, planners, and economic development professionals representing the Lower Valley's cities and towns regularly use the University Center's and CoSERVE's resources. Clients interviewed for this case study note that the university's institutional permanence and research credibility are two reasons that have led them to choose the University Center and CoSERVE for technical assistance. In addition, clients note that the University Center and CoSERVE proactively set economic development agendas, meet real time deadlines, and are close to and understand regional and community needs. One client in particular captured the overall sense of the University Center's and CoSERVE's ability to be proactive in the region, "We had no questions about the quality of their work, they delivered their product on-time, and they bent over backwards to accommodate the input of our citizens—even setting up meetings in the evening to increase participation."

For all of the reasons mentioned above, the University Center and CoSERVE have become a key, if not the major, player in the Lower Valley's economic development landscape. Yet, this activity is primarily city-by-city and town-by-town. The University Center and CoSERVE have had less success in bridging some of the turf wars and politics on the local level that inhibit a more cohesive, regional, and shared approach to economic development in the Lower Valley. However, one of the major successes in addressing this problem has been the University Center's and CoSERVE's initial collaboration with Congressman Hinojosa to host a regional water conference in 1998. University Center resources were used to plan and host the conference. The conference led to the development of the Rio Grande Regional Water Planning Group now coordinated by the Lower Rio Grande Valley Development Council and highlighted in the Economic Development District's five-year strategic plan. Another success has been the development of the International Trade and Technology Center (IT2) on the campus of UT Pan Am. University Center staff and resources were used to plan and build support for IT2's concept and subsequent construction. EDA provided a \$2.25 million grant to help build the \$3.1 million center. The mission of IT2 is to promote the Lower Valley region globally as an international commercial center through its technology infrastructure and state-of-the-art. During the site visit for this case study, University Center staff were meeting with the region's state and congressional representatives to develop opportunities and links to foreign trade and economic development for the region as part of this initiative.

While nothing is specifically in place to weigh the University Center's activities against measures of distress, both clients of and officials at UT Pan Am and CoSERVE note the University Center's commitment to serving economically distressed areas. In fact, there are few areas

in the Lower Valley where economic distress does not exist. As mentioned above, all four counties of the University Center's service area are among the poorest in the nation. While the nation enjoys a robust economy and unemployment rates at ten-year lows, the Lower Valley still lags in job creation and suffers from a double-digit rate of unemployment. One example of the Center's commitment to distressed areas is its work with the colonias. The University Center has shared research staff with the Data and Information Systems Center to track and analyze the housing and living conditions of each colonia in the region. This entailed visiting each colonia subdivision, recording the conditions of each dwelling (water, sewage, bedrooms, etc.), and entering the information into a comprehensive database. The database has been used to provide more accurate estimates of the number of people living in these substandard conditions and to highlight conditions and problems. University Center resources were also used in conjunction with the Community Outreach Partnership Center and other CoSERVE partners to establish the National Colonia Clearinghouse. The Clearinghouse provides an ongoing system of tracking the economic and social development issues affecting colonias throughout the southwest United States.

In its role as a catalyst of new ideas and projects, most of the University Center's final products are indirect generators of specific outcomes (such as jobs, income, or investment). These traditional measures are more difficult to quantify for the University Center. The University Center, in particular, and CoSERVE, more generally, do not have systematic methods in place to measure success.⁵ They seem to rely on word of mouth and general perception in the community to evaluate the success of their work. Nonetheless, interviews with clients as part of this case study indicate high levels of satisfaction with the University Center's assistance and products. In general, clients of the University Center rated its work as of good quality, very timely, and very responsive.

University Center Role in Mobilizing University Resources

One of the distinguishing characteristics of EDA's University Center program at UT Pan Am is its position within CoSERVE. The executive director of CoSERVE states that the University Center has contributed to changing the culture of collaboration and cooperation within CoSERVE and among its 19 programs. Its less-restrictive funding requirements allow it to act as a catalyst within CoSERVE for bringing other centers together and leveraging their individual resources to raise the level of success and substance for economic development projects. One director of a collaborating center noted that prior to the arrival of the University Center, individual centers at CoSERVE tended to focus on their own narrow missions. Staff from different centers within CoSERVE now freely work on and contribute to each other's projects without administrative, fiscal, or programmatic constraints.

The University Center and CoSERVE enjoy strong support from the president of UT Pan Am. The president has publicly spoken about the importance of committing institutional

⁵ Officials at CoSERVE report that as part of their new directions for 2000–01, they are looking at establishing methods to measure the human and economic impacts of their projects. A past report submitted to EDA's Austin regional office indicates that CoSERVE as a whole created and retained more than 10,000 jobs in South Texas during 1986–96 and, in FY 1995–96 alone, CoSERVE provided services to more than 1,270 small business clients in South Texas.

support and resources toward public service. In fact, both the president and the vice president of external affairs at UT Pan Am have met with other universities within Texas to assess and encourage the opportunities for better public-university partnerships based on CoSERVE's experience. One sign of the president's support was his decision to move the university's original disparate public service programs from within the College of Business to one independent, nonacademic division within the university. CoSERVE is now part of the Division of External Affairs and operates free from the traditional constraints of an academic department.

The University Center has been less successful in mobilizing faculty and student resources. CoSERVE as a whole most often collaborates with faculty and students at the College of Business and the College of Public Administration. One CoSERVE official estimates 84 faculty hours and 160 student hours were spent on CoSERVE projects in 1998. The University Center itself, however, rarely uses faculty or students on its projects. A number of issues hamper greater involvement among faculty and students. First, the University Center operates on a demand responsive schedule—meeting clients' needs on real-world schedules. In general, faculty and students at UT Pan Am (like most academic settings) operate on academic schedules that often do not coincide with a project's needs or goals. Second, academic course-release policy can limit the flexibility of faculty to pursue non-course related field research. Third, the rigors of maintaining academic standing in a department often preclude many faculty from pursuing nonacademic research such as the applied field research required by University Center clients. Fourth, thin university resources add little in terms of financial resources for faculty to engage in research for University Center clients. And, fifth, departmental turf issues create some additional disincentives for faculty to cross departmental lines within the university.

Factors Influencing University Center Performance

There are a number of key factors that influence the performance of the University Center at UT Pan Am:

- 1. *The leadership and support of the vice president of external affairs.*** Much of the University Center's role in regard to being a catalyst within CoSERVE and among the community results from the encouragement and leadership of CoSERVE's founder and UT Pan Am's vice president of external affairs, Roland Arriola. Mr. Arriola is largely responsible for setting the direction and tone of CoSERVE. He views the University Center as a key component in developing CoSERVE's new programs and making the resources of CoSERVE's many programs available to address community economic development issues in the region
- 2. *Relationship of the University Center to a larger center.*** The University Center can draw on and collaborate with the 18 other centers within CoSERVE. Access to these resources permits the University Center to serve the region's economic development needs through multifaceted approaches. As a key member of CoSERVE's five-member management team, the director of the University Center has the opportunity to influence and pull together the vision and scope of the many initiatives under the purview of CoSERVE's 19 centers and 180 employees.

3. ***Less restrictive funding requirements.*** EDA's less restrictive funding requirements allow the University Center to play a lead and collaborating role within CoSERVE. However, this flexibility presents challenges to the University Center regarding center partnerships. Other centers with more restrictive operating standards are more apt to take precedence in project focus when partnering with the University Center.
4. ***Independent status within the university.*** As part of a nonacademic, independent arm of UT Pan Am, the University Center can avoid the constraints of traditional academia and be demand-responsive. The University Center's primary focus is to meet the needs of the community and its clients. On the other hand, its independent status hinders University Center access to faculty and students. Due to this lack of stronger departmental connections, both faculty and students have less financial and academic incentive to become involved in University Center activities.
5. ***Economic development capacity and niche.*** In a region with tremendous levels of economic need, CoSERVE and the University Center have unparalleled visibility, resources, and institutional clout. It is the only organization capable of delivering a comprehensive set of economic development services to communities in the Lower Rio Grande Valley.

Interviews

Roland Arriola, Vice President of External Affairs, UT Pan Am

Sofia Hernandez, Director, University Center, UT Pan Am

Bret Mann, Executive Director, CoSERVE, UT Pan Am

S. J. Sethi, Director, Data and Information Systems Center, UT Pan Am

Candi Roxas, Director, Small Business Development Center, UT Pan Am

John Sargent, Professor, College of Business Administration, UT Pan Am

Bernard Rodriguez, Director of Urban Development, City of Weslaco

Bonnie Gonzalez, Chief Executive Officer, Rio Grande Valley Empowerment Zone

Kenneth Jones, Executive Director, Lower Rio Grande Valley Development Council

Alan Kamasaki, Director, Urban County Department, County of Hidalgo

John Milford, City Manager, City of Edinburg

Gabriel Gonzalez, City Manager, City of San Benito

WEBER STATE UNIVERSITY

TECHNOLOGY ASSISTANCE CENTER

Service Area Characteristics

The state of Utah benefited significantly from the economic boom of the mid and late 1990s. Its population grew 24 percent (an increase of 415,000 people) its economy added 258,000 jobs in the last decade. Between May 1999 and May 2000, more than 27,000 jobs were created in the state, a growth rate of 2.6 percent. The decline in the state's historic core economic base, agriculture and mining, was more than offset by tens of thousands of new jobs in technology and advanced manufacturing, in addition to gains in services and tourism. In manufacturing alone, which typically pays very well, over 29,000 new jobs were added to the economy.

The heaviest concentration of population and economic activity in the state is found in the 100-mile corridor that runs 50 miles north and south of Salt Lake City. Most of the recent job growth has occurred in the Wasatch Range communities of Salt Lake City, Orem, Provo, Park City, and Ogden. This northern region is the wealthiest area of the state.

The economic picture, however, in southern Utah is bleak. The south is poorer, more rural, and very isolated from economic development and technology resources. Unemployment is generally higher and income lower in the south than in the north. For example, in four of the state's six southeastern-most counties, the unemployment rate in 2000 was 6.5 percent or higher. In one of these counties, San Juan, the rate was 9.6 percent. Four southwestern counties have experienced income growth of -0.1 percent during the last few years, in contrast to significant income growth in northern counties.

Profile of the University Center

The EDA University Center's history must be viewed in the context of Weber State University's Technology Assistance Center (TAC). The TAC was created by university president Paul Thompson in 1991 to give the university a larger role in the Greater Salt Lake economy and to help sustain the region's strong manufacturing base. There are approximately 2,500 manufacturing firms in the state. The majority of these are in the Salt Lake region, and they form one of the most important components of the state's economy. Keeping this sector healthy and ensuring its long-term competitiveness is the principal mission of the TAC.

The University Center was established in 1996 to extend the focus of the TAC to southern Utah. Prior to the creation of the Center, the TAC's target area was cities and counties in greater metropolitan Salt Lake, where the largest concentration of the state's manufacturers is found. However, EDA felt that its investment in the TAC should be targeted to serve companies in the poorer and more isolated counties of southern Utah. Consequently, the services of a field

engineer are now available in southern Utah and that region now has access to services that were unavailable prior to 1996.

The TAC and the Center are viewed as one institution by most people in the manufacturing community. The TAC has been in operation longer than the Center and it has gained significant name recognition as well. Therefore, in order to keep manufacturers from being confused, the TAC, rather than the University Center, is commonly referred to as the service provider.

The TAC is housed in the university's College of Applied Science and Technology. The TAC has two professional staff with extensive industrial and engineering experience. Staff report to the dean of the college. Faculty and students from several departments are occasionally involved with TAC activities. Typically two or three student projects are undertaken in any given academic year.

The TAC director, the third since its creation, focuses on firms in northern Utah and his emphasis is principally on "lean manufacturing." The intent is to help firms modernize their operations and streamline their manufacturing processes and, in so doing, keep the manufacturing strong. The director provides extensive technical assistance to individual firms and also offers, usually in conjunction with other business and manufacturing resource organizations, workshops on lean manufacturing philosophy and practices. Technical assistance to firms consumes most of the time of the director. During 1998-99, 24 small projects and 27 large projects were undertaken. Small projects are generally one-time TA and problem-solving activities that focus on issues that include safety, waste disposal, plant layout, material processing, and design. Large projects fall within the same issue categories but are more complex and usually take place over the course of months or possibly a year. Workshops for single firms as well as groups of firms are also convened by the TAC.

The field engineer in southern Utah does very little hands-on technical assistance. His role is more of a broker, drawing upon the resources of the state's technology and economic development departments. Shortly after joining the staff of the TAC, the field engineer met with 33 firms in the south to identify their issues and needs. He received requests for assistance with strategic planning, quality systems, product development, testing, and materials management. He then sought other resource providers in the state to deliver the appropriate technical assistance.

The TAC works intensively with other economic development and technology partners in the state. To publicize its services and to identify manufacturers in need of assistance, TAC staff work with the Economic Development Corporation of Utah, the Weber Economic Development Corporation, several county-level economic development organizations, and local chambers of commerce. The resources of some of these same organizations, as well as the Utah Manufacturing Extension Program and the state's Custom Fit program, are used to deliver technical assistance to manufacturers. The TAC also works very closely with the university's SBDC office, which handled approximately 270 client requests in 1999. The SBDC refers manufacturing clients to the TAC, and the TAC, in turn, refers its clients to the SBDC when they need help on management, marketing, or financial issues.

University Center Role in Addressing Local Economic Development Needs

As previously noted, Utah's economy grew significantly during the 1990s and, according to projections by the state's Department of Workforce Services, the rate of growth should continue, particularly in the north. In spite of the north's healthy economy, there are regions within the state where growth has not occurred as strongly as it has in other parts, and there are pockets of poverty scattered throughout the state.

In the north, it makes sense for the TAC to help the region's industrial firms to remain viable and competitive. If the manufacturing firms that make up the region's economic foundation fail to stay healthy, the state's economic progress that has been made over the last ten years could be jeopardized.

In southern Utah, it is very appropriate for the TAC to direct its efforts to manufacturing firms. By doing so, the TAC helps rural isolated communities enhance their economies by building a strong manufacturing base. Manufacturers in the southern half of the state significantly lag others in the state in terms of modernization, competitiveness, lean manufacturing, and quality practices. They are also isolated from state economic development and technology resources, including universities in the state that could provide engineering and technical assistance.

TAC staff appear to be well-connected to regional and state economic development and technology resources. With two technical staff covering essentially the northern and southern parts of the state, there is no choice but to draw upon outside resources. TAC staff work within the Utah Small Business Development Centers, Utah Business Resource Network, the Utah Manufacturing Extension Partnership, and the Economic Development Corporation of Utah. On the county level, the TAC works with the Weber Economic Development Corporation, the Box Elder County Economic Development Corporation, and its counterparts in other counties throughout the state. These organizational relationships are used by the TAC to identify clients and manufacturing assistance needs, and, particularly in the case of UMEP, to supplement the technical services that the TAC provides.

In the south, the field engineer has begun to work with and strengthen associations of small manufacturers and, in some instances, to create associations where none exist. The strategy of reaching out to a critical mass of manufacturers is more effective than meeting with firms on a one-to-one basis.

Three clients were interviewed for this project: two manufacturing firms and an economic development director for an association of county governments. Both manufacturing firms were highly satisfied with the assistance they received from TAC staff, and the economic development director was aware of the resources of the TAC, but still deciding on the most effective means of using them.

For one manufacturing client, the TAC helped a senior manager select a software program to track inventory, and to integrate accounting and project scheduling for the company. The company is a small firm that manufactures electrical wire housings for the aerospace industry. As the firm grew and secured an increasing number of contracts, its need for an integrated software program also grew. The firm's senior manager reviewed several software programs and, with the help of TAC staff, selected the one that was most appropriate for the company's needs.

The TAC's technical help resulted in a "moderate to major" impact on the firm and it actually encouraged the company to continue looking to the TAC and the university for future technical help. The senior manager indicated, "I no longer have to solve my technical problems myself—resources like the TAC are out there and I now feel comfortable using them."

The other manufacturing client was a medium-sized firm that produced a highly diverse set of trailers for commercial and consumer use. The company used a number of toxic materials in its manufacturing process and had difficulty developing a computer-based system to track the inflow and outflow of all hazardous materials in a manner that could be accurately reported to the state's environmental oversight agency. TAC staff helped the company develop the software system, which is now in place and working quite well.

Both manufacturing firms were very pleased with the results of its interaction with TAC staff. The quality of the TAC work was high and services were delivered in a timely fashion.

In addition to helping individual firms, the TAC has made very good strategic use of training programs and courses to reach a larger manufacturing audience and to deepen its impact on Utah's industrial base. Programs on lean manufacturing, CAD/CAM applications, quality management, safety and environmental issues, and programmable controls reach a wide audience and broaden the impact of the TAC. These programs have also been a very effective outreach and marketing tool for the TAC and the university. Each of the clients interviewed for this case study noted that its managers and engineers had enrolled in different training programs offered by the TAC and were very pleased with the results.

The TAC has not leveraged other significant federal or philanthropic resources because of the nature of its work—highly technical and directed at individual manufacturers. Other university centers that are more focused on cities, towns, and regional economic development would be in a better position to leverage outside resources for strategic plans or development projects.

University Center Role in Mobilizing University Resources

Weber State University has 15,000 students. There are seven academic colleges in the university, and master's degrees are offered in four areas: education, accounting, business administration, and criminal justice. The university principally serves and draws students from a four-county area in north central Utah. The College of Applied Science and Technology, where the TAC is housed, has 50 faculty members in five departments. Both the college and the university are oriented toward teaching and applied research rather than basic research.

The TAC's ability to mobilize university resources is positive, but the dean of the college and staff from TAC agree that more could and will be done in the future. Barriers exist that keep faculty from becoming more intimately engaged. The university's high overhead cost to companies using faculty makes it difficult for small firms to pay for faculty assistance. Faculty are somewhat reluctant to divert their attention from the students because so much emphasis is placed on teaching. To its credit, however, the college and the university are working to change the culture in the university and to create incentives that will encourage more faculty involvement in TAC activities.

In spite of these challenges, the TAC has had some successes in leveraging faculty and student involvement. In the last year, faculty from six departments (physical science, chemistry, physics, mechanical engineering, manufacturing engineering, and architecture) worked with the TAC. Faculty involvement ranges from responding to problems that manufacturing clients have, to assisting in the teaching of courses and workshops, and in overseeing more substantive and long-term student projects. The head of the chemistry department has initiated a Center of Excellence for Chemical Technology, which is working with pharmaceutical and nutraceutical companies in the state to test and identify active ingredients in their products. The tests are required for any firm that wishes to export to the European Market. The testing is particularly helpful to smaller firms who could not afford the cost of purchasing the testing equipment. The TAC leverages these Center of Excellence resources for its clients.

The TAC generally oversees two to three student projects each year. The projects are designed to help firms on substantive and important areas and to give students very practical and “real-world” experience in the manufacturing environment. In the last academic year, students worked on the development of software systems, the application of auto-CAD, chemical testing, and the development of a ski machine for handicapped people.

As noted earlier, the TAC also works closely with the university-based SBDC. The SBDC annually responds to approximately 300 requests for assistance and refers a small number of those to the TAC.

Factors Influencing University Center Performance

The TAC has a strong track record of providing direct technical assistance to manufacturing firms, teaching senior managers and engineers how to successfully adopt “lean manufacturing” principles and practices, and brokering technical resources for firms in the southern part of the state. While it is difficult to quantify the overall impact the TAC has on the manufacturing base in the state and the impact on regional economies, the technical help that it has provided and brokered has made a difference to clients.

Several factors contribute to the efforts of the TAC:

- 1. *University environment.*** The university has a strong commitment to helping companies in state and it clearly wants to assist the state’s economy. Senior staff, from the president down to deans and faculty, are quite active in the region and they have followed through on their commitment “to be of service.” The College of Applied Science and Technology is very applications-oriented and the culture of the college lends itself well to a manufacturing assistance resource provider like the TAC.
- 2. *Staff experience.*** The two current staff have extensive industry experience, principally in manufacturing management and engineering. This experience is a significant resource when dealing with a small manufacturing client base, which is often skeptical of academics. The experience also helps the staff quickly analyze a company’s strengths and weaknesses and to decide on the most appropriate strategy for resolving its problems. Also, the experience of the staff is broad. Unlike many technology resource

providers who have deep but narrow expertise, TAC staff can deal effectively with a wide range of manufacturing issues.

3. ***Education and training.*** The courses and training programs that are run by the TAC have two strategic benefits. First, they allow staff to have an impact on a wider client base, since many manufacturers send their managers and engineers to these courses. Second, the courses are an excellent marketing and outreach tool for publicizing the technical assistance services of the TAC.
4. ***Organizing Manufacturers Associations.*** It is virtually impossible for the southern Utah field engineer to reach and engage a critical mass of manufacturers, let alone have an impact on them. Distances between communities and businesses are extreme and the area is so vast that one individual cannot effectively deal one-on-one with businesses. Therefore, the current strategy of working with manufacturing associations, and helping to form them where they do not exist, is both practical and necessary.

Several factors limit the performance of the TAC.

1. ***Lack of strategic focus.*** The TAC does not choose which manufacturing clients it serves based on any strategic analysis. In both the northern and southern parts of the state there are manufacturing sectors and clusters that are more strategically important than others to a regional or subregional economy. The TAC has not analyzed which of those sectors are most important.
2. ***Composition of client base.*** Currently, the TAC responds to almost all manufacturers that request assistance, including a number of large manufacturers. Providing assistance to large manufacturers, which often have the resources to pay for engineering assistance, drains precious staff time away from the smaller and medium-sized firms that do not have the finances to pay for outside technical assistance.
3. ***Limited capacity.*** There are only two staff in the TAC who are responsible for much of the state. Although the TAC does a good job of providing coverage in the north and south and drawing upon on other state and regional technology resources to supplement its services, its capacity is already limited. In addition, the current director of the TAC may take on teaching responsibilities within the university, further limiting the TAC's staff capacity.

Interviews

Rick Orr, Director, TAC

Warren Hill, Dean, College of Applied Science and Technology, WSU

Bruce Davis, Director, SBDC Office at WSU

Steve Reed, Utah MEP Director

Cindy Hall, Economic Development Director, BRAG

Roger Shuman, Plant Manager, Wells Cargo

Brent Call, Richard Manufacturing

WESTERN ILLINOIS UNIVERSITY

RURAL ECONOMIC TECHNICAL ASSISTANCE CENTER

Service Area Characteristics

The Rural Economic Technical Assistance Center (RETAC) at Western Illinois University serves rural communities throughout Illinois with special emphasis on the state's more economically distressed southern and western regions. Illinois' rural areas are experiencing slow or negative population growth and a declining workforce. Among Illinois' 74 non-metropolitan counties, 34 experienced population losses from 1990 to 1998, while another 23 grew by only 2 percent. Rural areas close to growing metropolitan regions, on the other hand, are seeing a slight population increase. However, the working age population grew only .1 percent in all rural counties, while the 18 to 44-year-old cohort declined 4.1 percent from 1990 to 1998. These losses have been greatest in the western and southern regions and are related to the limited job opportunities in these areas.

Rural Illinois communities have lower incomes and higher unemployment rates than metropolitan areas, with a growing disparity between rural and urban counties. From 1980 to 1997, real nonmetropolitan earnings have declined, while those in metropolitan areas grew to more than 50 percent above rural incomes, contributing to the out-migration of young workers from rural areas. Despite their declining labor force, many rural counties have unemployment rates well above state and national levels. The drop in commodity and livestock prices is another factor contributing to declining rural income and economies. Rural Illinois is very dependent on commodity farming, especially soybeans and corn. With the drop in commodity prices caused by a worldwide grain glut, the average farm operator experienced a loss of \$8,461 in 1998 compared with an average return of over \$22,000 in the prior four years. These losses result in lower consumer income and spending in rural communities, while threatening the survival of small family farms.

With these demographic and economic conditions, rural Illinois communities face several key economic development issues. Retaining and attracting high-quality jobs is important to retain population, especially young and skilled workers. Improving transportation and communications infrastructure is also important to make rural areas viable business locations and competitive in business retention and attraction. Rural area business centers, which are threatened by population loss and the growth of large stores, require new strategies to remain viable. Another key issue is building the region's large agriculture base as an economic development asset through cultivating new higher-value agricultural products, cultivating new markets, and supporting value-added activities. Finally, small rural communities have limited capacity and resources to formulate plans and solutions to address these issues and to implement projects or programs.

Profile of the University Center

Western Illinois University's Center was established in 1989 as one part of a state government initiative to address the needs of rural communities. In 1986, Governor Jim Thompson established a task force on the future of rural Illinois, chaired by Lt. Governor (now Governor) George Ryan. It recommended the creation of an Institute at Western Illinois University to focus on the issues and needs of rural communities. After being announced in 1987, the Institute received its first state appropriation for \$250,000 in 1989, followed by an EDA University Center grant and a Rural Transportation grant. From its start, RETAC was viewed as part of a comprehensive center, the Illinois Institute for Rural Affairs (IIRA), to address rural development issues in five areas: economic development, health, education, transportation, and public management. Under the leadership of Norman Walzer, this umbrella center has grown to include 10 separate units involved in research, technical assistance, and education with 25 full-time staff and a budget of over \$2 million.

IIRA sees its mission as supporting and strengthening the capacity of both local community leaders to make decisions and address local needs and state leaders to develop sound policy to improve and sustain rural communities. Thus, IIRA serves a range of government leaders, including economic development practitioners, town officials, and citizen activists, and state government officials. In this latter capacity, IIRA provides valuable research and support to the Governor's Rural Affairs Council, a 19-member body that oversees state policy making for rural issues and to Rural Partners, a public-private rural development entity affiliated with the National Partnership for Rural Development. Within IIRA, RETAC focuses primarily on providing information, data, and economic analysis to local communities as they set economic development goals and develop the capacity to achieve them. Its clients are largely local community leaders and local and regional economic development agencies.

RETAC's key information dissemination activities include preparing a bimonthly newsletter on economic development issues, tools, and events, supporting monthly meetings of the Rural Planning Agencies, supporting the annual statewide Rural Community Development Economic Conference, and holding periodic workshops and conferences. Technical assistance activities include economic analysis to support local planning under IIRA's MAPPING the Future of Your Community Program⁶ and preparing trade-area capture analyses to help identify retail opportunities. RETAC staff also regularly provide data, information, and advice to help clients implement projects and programs. As more communities have completed the MAPPING process and developed local plans, IIRA and RETAC are increasing their technical assistance role in implementing plans and projects.

IIRA and RETAC serve rural communities in three parts of Illinois: (1) western and central Illinois; (2) 15 southern Illinois counties; and (3) all other nonmetropolitan counties statewide. However, it gives highest priority to serving southern and western Illinois, where economic conditions are the worst.

⁶ This is a structured community visioning and priority setting process originally developed by RETAC and now overseen by a separate IIRA unit.

RETAC, a unit within IIRA, is staffed by a full-time director, one part-time technical associate, one part-time secretary, and two student assistants. Dan Walker, who served as RETAC's director since its inception, recently departed and was replaced by Robin Hanna who had worked with the MAPPING Program. RETAC's director reports to Norman Walzer, the IIRA Director, who devotes several days per month to the University Center's work. IIRA is a stand-alone institute that reports directly to the provost. Walzer's philosophy is for Center staff to work collaboratively across units to address the needs of local communities. Thus, RETAC draws on staff from other units to assist its clients, while other units tap RETAC for assistance on their projects, as often occurs with the MAPPING the Future of Your Community Program.

RETAC's primary partners are the other IIRA units that it works with to assist clients. Beyond these "internal" partners, RETAC works closely with state government agencies to assist specific communities. These state government partners include the Lt. Governor's Office, Rural Partners, regional planning councils (most of which are also Economic Development Districts), and the Illinois Department of Commerce and Community Affairs. Finally, IIRA contracts with two entities under the EDA University Center grant to expand RETAC's reach and services. It contracts with the Bradley University International Trade/NAFTA Center to provide export assistance to firms in west central Illinois, and with Southern Illinois University to extend RETAC's services to the 15 most southern rural communities, where the long travel distance precludes direct outreach and one-on-one assistance by RETAC staff.

University Center Role in Addressing Local Economic Development Needs

RETAC addresses important economic development needs in rural Illinois where communities face significant economic development challenges, but have limited capacity to respond to them. Local governments are heavily dependent on volunteers and usually lack full-time economic development staff. Often they rely on staff at local and regional economic development agencies who have little expertise in data and economic analysis. Thus, RETAC provides a critical role in planning and economic analysis for local officials, and helps them to set economic development priorities. RETAC also provides assistance to communities and practitioners as they implement their priorities.

The IIRA is very well integrated into the Illinois economic development system. At the state level, it provides valued research, technical assistance, and support to state rural development and policy-making bodies and assists the Illinois Department of Commerce and Community Affairs (DCCA) in its work supporting local economic and community development. The Institute is also active and well connected with local and regional organizations through multiple channels. Its staff attend regular meetings of the state's Regional Planning Councils, provide a newsletter to keep local officials and practitioners informed of key issues and resources, and attend scores of local meetings. While IIRA and RETAC historically worked through formal organizations to market their services and identify needs, they now increasingly seek to identify local activists who will lead local improvement efforts.

Despite some overlapping services among agencies, there seems to be little duplication of effort. Both DCCA's Competitive Communities program and the IIRA MAPPING the Future of Your Community help communities prepare local visions and plans. The state extension

service has a community economic development program that offers some similar services to RETAC. However, RETAC/IIRA offers greater depth and expertise in data and economic analysis and more comprehensive services than these state agencies. Furthermore, Illinois' large area and the mutual knowledge and communication between IIRA and state agency staff reduce duplicative efforts.

IIRA helps leverage economic development resources in two ways. First, the Institute is entrepreneurial and successful in securing grants to expand its activities. For example, it used a W.K. Kellogg Foundation grant to establish a Peace Corps Fellows program that places former Peace Corps volunteers who are enrolled in graduate programs in community internships. It also has used state and federal grants to support new value-added agriculture business ventures in rural communities. Second, RETAC helps clients identify and pursue funding sources and provides data and information to support their funding applications. (RETAC does not directly prepare grant applications, since Regional Planning Councils serve this role.)

Both clients and state officials highly value IIRA and RETAC services. All four clients interviewed for the case study were very satisfied with both the timeliness and quality of RETAC's services and indicated that they would definitely use RETAC again for economic development services. Clients emphasized the quality of RETAC's work, the promptness with which staff responded to questions and provided information and referrals, and the strong working relationships between agency staff and RETAC. Another indication of client satisfaction is that three of the four organizations used RETAC for multiple services and projects over several years. State economic development officials also emphasized the quality and timeliness of IIRA services and their strong customer service orientation.

IIRA and RETAC are generating important economic development outcomes across multiple dimensions. First, through the MAPPING the Future of Your Community program, the Institute helped 70 communities develop local agendas. Between 60 and 70 percent of these communities have implemented economic or community development projects that emerged from the MAPPING process. For example, Spring Valley's 1997 visioning process resulted in a decision to hire a local economic development staff person to expand industry and development. With follow-up assistance from IIRA, it successfully staffed a local development office and attracted two new warehouses with 500 jobs. Second, RETAC analysis and technical assistance has led to new economic development projects and activities. All four clients reported that RETAC assistance led to project outcomes of a major or moderate scale. Examples included successful attraction of a new hotel and housing development, formulation of new marketing approaches to attract customers to retail centers, and the expansion of an organization's strategic focus and membership base.

Third, IIRA has shaped Illinois' rural policy agenda through its research, direct community experience, and strong collaboration with state policy makers. IIRA assists in preparing the Governor's Rural Affairs Council's annual legislative report on the State of Rural Illinois. In 2000, it helped the Council conduct six Rural Leadership Forums that ultimately produced an action plan, *Rural Illinois: Launching a New Millennium*. Several years earlier, it led an effort by Rural Partners, the State Rural Development Council, to produce a statewide agenda for rural areas entitled *Building a Brighter Future for Rural Illinois*. Moreover, IIRA has facilitated state

involvement in rural communities overall and around key issues. DCCA established its Competitive Communities Initiative Program to expand planning assistance to local communities in response to IIRA's experience and demonstration of need with the MAPPING the Future of Your Community program. State government also increased its support for rural housing and value-added agriculture in response to IIRA efforts. IIRA serves as an incubator for new rural economic development strategies and tools. It has led efforts to identify value-added opportunities in agriculture and related industries. RETAC also developed a retail market opportunity analysis tool that it has provided to several hundred communities statewide.

RETAC and the entire Institute staff focus their efforts on issues in rural areas. Through their research and direct technical assistance experience, RETAC and IIRA understand the issues that rural communities face and work to develop specific projects and long-term approaches that are effective in building stronger rural areas.

IIRA has spearheaded several innovative or effective practices in promoting rural economic and community development. First, the Institute's comprehensive scope and integrated service delivery approach make it more valuable to communities and provide a way to address the interrelated nature of rural problems. Thus, IIRA's involvement with a community extends beyond direct economic development to include local government capacity, health, education, and transportation. This approach recognizes that rural quality of life and economic development are interrelated and depend on a broad set of assets. A second innovative approach is the MAPPING the Future of Your Community program, which clients and economic development practitioners often cited as one of IIRA's best practices. Under the MAPPING program, IIRA developed a highly effective local visioning and planning process, supported by RETAC's economic analysis tools. The visioning and planning process allows local citizens and officials to set and build consensus on local priorities, creating a strong foundation for later economic development activities. IIRA's applied research and its strong integration with state policy makers and rural development agencies allow it to play a vital role in guiding state rural policy and program initiatives. This connection provides an effective way to translate the knowledge gained from IIRA's direct experience with local communities into statewide policies and support programs.

University Center Role in Mobilizing University Resources

RETAC benefits from the university resources assembled at the Institute. RETAC draws upon full-time staff of the Institute and associated faculty that assist in projects, conferences, and workshops. It also makes use of undergraduate and graduate student research assistants. IIRA has a strong culture of teamwork and collaboration across its units, so there is considerable informal interaction between RETAC and other Institute staff.

The overall Institute draws on extensive university resources to fulfill its mission. These resources include

- university facilities that house the Center;
- university faculty, including several tenure-track faculty associated with the Institute as research fellows and others who work on specific projects;
- part-time students who work as research and project assistants;

- class projects where students conduct work for clients; and
- Peace Corps Fellows who are enrolled in graduate programs and placed as interns in local communities and regional organizations.

The Institute is deeply embedded in the university and is considered a major asset to senior administrators. IIRA is critical to the Western Illinois University's outreach activities and its community service mission. Institute faculty teach courses in several university departments, its research and publications are used as teaching materials in several classes, and class projects for IIRA clients are part of the curriculum in other classes.

Top university officials are strong supporters of the Center and have worked to expand its resources. The university provides direct funding from its budget and has sought and received a direct state budget appropriation for the Institute. It also expanded the Institute's computer and GIS capacities so it could better provide these services to local governments and clients. University administrators also encourage faculty involvement in the Institute by releasing faculty from teaching responsibilities to work on IIRA projects, without requiring IIRA to "buy" the faculty's time.

RETAC, and the associated EDA funding, has made several important contributions to IIRA. First, the original University Center grant was important seed funding in launching the Institute. Second, RETAC has a specialized role and focus within IIRA on economic development issues. It is the primary vehicle for outreach, communication, and networking with economic development practitioners and provides the core information, data analysis, and technical advice to support local and regional economic development efforts. Third, RETAC piloted successful tools that grew to become separate programs within IIRA, including the MAPPING the Future of Your Community program and the Business and Industry GIS Data Center.

Factors Influencing University Center Performance

RETAC has been an effective University Center along several measures. First, it is delivering a significant volume of quality information dissemination and technical assistance services. Second, its work is generating direct outcomes in terms of expanded local community capacity, new economic development projects, and influencing state rural development policy. Third, RETAC's participation in the far larger Illinois Institute for Rural Affairs allows it to leverage significant resources and to serve more clients.

Several factors contribute to RETAC and IIRA's effectiveness:

1. ***The leadership and vision of IIRA's director.*** Norman Walzer has been a highly effective and entrepreneurial director. He has provided the vision and intellectual direction for the Center, maintained a strong commitment to its work, and persevered to build the Center's strong relationships with state government, local communities, and university faculty. His management approach, which emphasizes collaborative and integrated staff work and a customer-driven focus, contributes to the Center's reputation and quality of work.
2. ***IIRA's integration with and support from state government.*** IIRA gains several benefits from its close ties to state agencies and officials. First, it provides a direct way to increase state leaders' awareness of rural issues and then to shape state policy. Second, it

strengthens RETAC's relationships with state officials and knowledge of state programs, assets that enhance its ability to serve clients. Third, it helps IIRA leverage discretionary state funding to support and expand its activities. Fourth, it generates increased core state funding, evidenced by the growth in IIRA's state appropriations from \$250,000 in 1990 to close to \$900,000 in FY2000.

3. ***University support.*** Western Illinois University has strongly supported IIRA as a key vehicle to advance its community outreach and service mission. IIRA reports directly to the university provost and enjoys strong support from the provost and president. This support is evidenced in the university's direct funding of the Institute, its advocacy for additional state appropriations for the Institute, and its flexible policies to encourage faculty participation in IIRA's work.
4. ***Success in leveraging other resources.*** Norman Walzer is particularly effective in defining new activities and services for the Institute and securing state, federal, and university resources to implement them. Under his leadership, IIRA's budget has grown almost threefold to over \$2 million, coming largely from increased state appropriations and grant sources from a number of state and federal agencies. Grant funding increased from \$500,000 in FY1990 to almost \$1.24 million in the current fiscal year.
5. ***IIRA's commitment to excellence and its operation as a "learning organization."*** IIRA has a strong culture of continuous improvement, customer service, and learning. The Institute uses its experience to identify best practices, and then it applies those best practices throughout its programs and operating units. It encourages information exchange, collaboration, and learning among staff. IIRA also sets explicit performance measures, carefully monitors them, and strives to improve them. IIRA's commitment to excellence has been acknowledged by its receipt of a Lincoln Foundation for Business Excellence Award, Illinois' equivalent to a national Malcolm Baldrige Award.

Interviews

Roger Carmack, Director, Western Illinois Tourism Development Office

Patrick Curry, Extension Educator, University of Illinois Extension

Jeff Fulgenzi, Governor's Rural Affairs Council

Yvonne Knapp, Executive Director, Warren and Henderson Partnership for Economic Development

Tom Lawton, Illinois Department of Commerce and Community Affairs

Suzan Nash, Executive Director, Western Illinois Regional Council

Kim Pierce, Executive Director, and Chuck Gilbert, Immediate Past President, Macomb Area Industrial Development Corporation

Norman Walzer, Dan Walker, and Steve Kline, Illinois Institute of Rural Affairs

Dr. Burton Witthuhn, Provost, Western Illinois University

UNIVERSITY OF WISCONSIN—MILWAUKEE

CENTER FOR ECONOMIC DEVELOPMENT

Service Area Characteristics

The University of Wisconsin-Milwaukee Center for Economic Development (UWMCED) serves the seven counties of metropolitan Milwaukee, but over 90 percent of its work is Milwaukee's poor inner-city neighborhoods. These neighborhoods, which are predominantly minority, have unemployment rates far above state and regional levels and poverty rates of 40 percent. While the entire region suffered a severe loss of jobs and income from deindustrialization and economic recession during the 1980s, suburban Milwaukee has rebounded during the 1990s as a result of its growing service economy. Suburban unemployment rates have dropped to 2 percent, household incomes have increased, and firms now report labor shortages. Milwaukee, and especially its inner-city neighborhoods, has not shared in this economic boom. Citywide unemployment levels have dropped to 4 percent, but incomes have stagnated. Moreover, inner-city minority communities have seen their unemployment rates increase from 14 percent in 1988 to an estimated 16.9 percent in 1997.

From the Center's perspective, these economic conditions highlight the need to focus services on Milwaukee's inner-city neighborhoods, where the need for economic development is greatest. Marc Levine, the Center's director, articulates three key elements of a strategy for reversing these economic conditions, which provide an agenda for the Center's applied research and technical assistance efforts:

1. building linkages to and preparing inner-city residents for regional job opportunities;
2. utilizing regional growth management policies to reduce urban sprawl and expand the incentives and pressure for investment and development within Milwaukee; and
3. expanding development within Milwaukee through redevelopment and infill development.

Profile of the University Center

The UWM Center for Economic Development was established in 1990 as an EDA University Center to undertake applied research and to provide technical assistance to support local organizations working on job creation and community economic renewal, primarily in Milwaukee's poor minority neighborhoods. Since its inception, Marc Levine has served as the Center's director and has provided the vision, leadership, and intellectual direction for CED. During his ten-year tenure, he has established strong ties to economic development organizations and community organizations in the Milwaukee region and grown CED from a small outfit with a director, a part-time associate director, and one full-time staff person to a significant entity with a director, four-and-one-half professional staff, one associated faculty position, and funding to buy out faculty time. In addition to its full-time professional staff and professors, the Center

employs several graduates each year as part-time research assistants. During its first ten years, it employed 45 students in this capacity.

CED is located within the College of Letters and Science, the UWM's largest college. The Center director has a faculty appointment within the history department and reports to the college's associate dean. Faculty and students who work with CED are drawn from several departments, including history, sociology, economics, and the urban studies graduate degree programs. The Center's ties to the urban studies program, where Marc Levine served as director for many years, provide an ongoing source of graduate students to assist with technical assistance and applied research projects.

CED's activities and services are concentrated in two main areas: technical assistance (TA) to economic development organizations and applied research projects. Its TA activities, which are primarily geared toward nonprofit, community-based organizations, include economic planning, research and analysis, program design and implementation assistance, organizational capacity building, and resource development. While CED provides most of its services formally through contract TA projects, it provides an important technical role through its membership on many boards and task forces. Several client organizations emphasized the important ongoing assistance provided by CED staff members that serve on their boards. In its TA work, CED provides both one-time services on specific projects and longer-term "partnerships" with organizations that have extended over several years and involved a range of formal and informal relationships. CED's applied research includes the publication of two to three major reports annually to influence the public policy debate and shift the emphasis toward more effective policies that address urban poverty and economic development. CED also undertakes information dissemination activities through conferences, its Web site, distribution and press coverage of its applied research, and assembling information guides, and resource libraries/centers.

Under the leadership of a new chancellor, UWM is greatly expanding its community activities, building on a long-standing mission of urban research and service. Under this initiative, known as the Milwaukee Idea, UWM undertook an extended participatory planning process with faculty, staff, and community representatives to define what the university should do in the community. This effort generated 10 "First Ideas" of which three to four priorities are moving forward. One priority, the Consortium of Economic Opportunity, is focused on expanding and reorganizing the university's economic development efforts. The Consortium, overseen by Marc Levine, combines the Center for Economic Development and the Small Business Development Center into a collaborative unit to support economic development. The Consortium will have three locations where staff from both CED and SBDC will be located—the UWM campus, downtown Milwaukee, and a neighborhood-based center more accessible to the community. By combining CED and SBDC, the university will be able to provide business development assistance in low-income communities and use both CED and SBDC to provide TA for some projects. Through the consortium, the university is expanding its support for CED, including two new staff positions, new faculty positions linked to the Center, and funding to secure more faculty involvement.

CED has many partnerships within and outside the university. Within the university, it works with faculty and students in several departments and degree programs. CED also

participates in the UWM Community Outreach Partnership Center (COPC), which was established in 1995 and serves as its economic development component. COPC primarily serves as an additional funding stream to expand CED staff and services, but CED staff also referred clients to other COPC services, such as the Architecture Department's assistance with analysis and design on physical planning and development. CED has also worked with UWM's Center for Urban Initiatives and Research to cosponsor conferences and to collaborate on research and outreach projects. While CED does not partner with external (i.e., nonuniversity) organizations to deliver services, it does work in partnership with many organizations to further its economic development goals. These partnerships include long-term TA efforts, such as its long-standing involvement with the Northeast Milwaukee Industrial Development Corporation and participation on many boards and task forces to advance projects and address public policy issues.

University Center Role in Addressing Local Economic Development Needs

CED is a major contributor to both economic development policy debates and TA to community-based organizations in the Milwaukee area. Since CED's policy research work is not driven by client demand, it is difficult to assess the need for these services. However, the Milwaukee area faces many significant economic development issues, including economic restructuring with the decline in its historic manufacturing base, concentrated poverty and unemployment among inner-city minority communities, and the increasing disparity in income and investment between suburbs and central city. Faced with these issues, CED's research provides analysis that informs discussion by documenting key trends and actual policy outcomes, raising questions about alternative policies, and identifying policies and approaches used in other cities. This research has received extensive media coverage, is highly valued by clients, and has influenced the strategies pursued by some advocacy and economic development organizations.

There is clearly a strong need for economic development TA, especially among community-based organizations (CBOs). Milwaukee's CBOs are fairly new to economic development and have limited experience and capacity in this area. Furthermore, there are few alternative sources of TA for economic development planning, program development, and implementation in the city. CBOs usually lack funds to hire private consultants when the need exists. Thus, CED is one of the few sources of such assistance. It provides assistance at a modest cost, and is willing to engage in long-term partnerships with CBOs. For example, CED has worked closely with the Northeast Milwaukee Industrial Development Corporation over many years to retain and grow manufacturing jobs in the wake of a major auto plant closing. This assistance included planning and program development, management and organizational development, grant writing and resource development, and effectively serving as the organization's interim management during its critical transition period. Another indicator of the extensive nature of CED TA is that three of five interviewed clients received CED assistance in three or more areas between 1995 and 1999.

CED works closely with many economic development organizations. While CED focuses on serving CBOs, its clients also include foundations, business associations, unions, and other nonprofit organizations. Milwaukee's two major foundations have been CED clients and have provided grants to fund CED projects. CED staff also serve on over a dozen boards and

economic development task forces, including the boards of several CBOs. Economic development practitioners were aware of CED and considered it an active and important participant to the city and regional economic development system. This role was recently recognized and validated by UWM leadership as part of the “Milwaukee Idea” process previously discussed, prompting a large increase in UWM funding for CED. One area where CED has been less active and has fewer relationships is among local government economic development practitioners within the region. However, CED recently hired a staff person with experience as an economic development director in a suburban community, which should strengthen these relationships.

CED services are highly valued by clients and have generated tangible economic development outcomes. Among the five clients interviewed, all indicated that CED was very responsive in its services and four of the five were very satisfied with the timeliness and quality of the work (the last had not yet received his final report and, thus, had not yet evaluated the quality of assistance). Four of the five clients indicated that CED made a large contribution to the client’s ability to complete the associated TA project and the fifth rated CED’s role between moderate and large. Several clients pointed to multiple and highly effective ways in which CED helped them formulate and implement programs, secure funding, and address broader organizational issues. For example, CED helped the Campaign for a Sustainable Milwaukee successfully secure a large multiyear Casey Foundation Jobs Initiative grant. It conducted research that helped assess the feasibility of the Casey Initiative strategy, performed sectoral analysis to identify target industries for job development efforts, and made presentations to strengthen board members’ understanding and capacity to direct the initiative. CED’s work uncovered sectors, such as foundries, that are important sources of high-wage jobs for poor inner-city residents that the Campaign would not have uncovered itself.

In four of the five client interviews, CED’s TA contributed to major actions by the client organization involving the implementation of new and sizable economic development programs or projects. CED developed a sectoral-based employment strategy and identified target sectors for the Milwaukee Foundation, which it decided to implement with a multiyear grant. Another community group used CED to conduct a community needs assessment that identified the need for several new programs, three of which were implemented and exceeded expected projected outcomes. Two organizations cited projects where CED played an important role that led, in each case, to the creation of over 200 jobs for low-income residents. CED’s success in generating such outcomes reflects its long-term involvement with these organizations, the skills and commitment of its staff, and the quality of its planning and analytical work.

CED has been particularly effective in helping CBOs secure grants needed to implement programs and projects. Over its ten-year history, CED estimates that it helped secure 20 to 25 grants that raised several million dollars to support economic development efforts. Several clients emphasized CED’s critical role in crafting successful grant proposals through research and documenting the need for the grant, developing important parts of proposed activities, writing the grant proposal, or providing a valuable critique and suggested improvement to a proposal. In one case where a CBO was rejected for a grant, CED staff helped to redesign the proposed program and to write a revised \$165,000 application that was later funded.

CED focuses both its TA and applied research on distressed areas. Most TA work concentrates on economic development efforts in the predominantly minority and low-income inner-city neighborhoods of Milwaukee, which have experienced worsening conditions. A 1994 study of the 100 largest United States central cities found that Milwaukee had the fourth largest increase in people living in areas of extreme poverty (census tracts with more than 40 percent poverty rate). Much of CED's applied research focuses on issues affecting low-income communities, including studies that addressed the impact of welfare reform, the growth of low-wage jobs in the regional economy, and which populations received the jobs generated from new downtown development.

CED employs several notable practices that contribute to its effectiveness in addressing local economic development needs. First, CED engages in long-term partnerships and makes extensive commitments to several organizations, including active participation on the entity's board. This relationship allows CED to assist with project or program design and implementation while also enhancing the ongoing organizational capacity through its board leadership role. Second, CED is particularly active in applied research, using the university's intellectual capital and research capacity to document key economic issues and trends, raise important policy issues, and apply the experience from other cities to Milwaukee's economic development needs. Third, CED has leveraged non-EDA resources to expand its funding, staff, and activities. This funding base adds \$250,000 to \$275,000 to the core EDA grant, including \$100,000 in core university match, \$50,000 to \$75,000 in outside contracts and grants, and \$100,000 from the Milwaukee Idea initiative.

University Center Role in Mobilizing University Resources

Through its strong relationship with the Urban Studies program and its track record of community economic development assistance, CED has leveraged significant university resources to support its activities, particularly graduate student involvement and direct university funding. As an active faculty member and former head of the Urban Studies Program, Marc Levine attracts many graduate students to work on CED projects in several ways. First, CED directly hires graduate students as research or project assistants. In ten years, CED has used 45 students in this capacity. Second, students undertake work on CED projects as part of their coursework. Third, CED places students as interns in client organizations. CED's role in placing students as interns in community organizations may expand if it secures a proposed foundation grant to fund Peace Corps fellows enrolled in UWM graduate programs to work for community organizations.

Faculty involvement has been less extensive but is growing. CED employs another faculty member as associate director and has used additional faculty members on some projects. Faculty involvement with the Center should increase in the future since the Milwaukee Idea is both funding new faculty slots and providing the Center funding to buyout more faculty time to assist with projects.

UWM has funded CED far beyond the required EDA match, most recently through the Milwaukee Idea initiative. Under this initiative, UWM recently established the Consortium for Economic Opportunity to link CED and the SBDC in expanding the university's support for economic development in Milwaukee's inner-city neighborhoods. Through the consortium,

UWM is expanding CED's direct funding by \$100,000, allowing it to hire two more staff people, to contract for more faculty time, and to jointly fund one to two additional faculty positions for the Center. Under the Consortium, CED will be working more closely with an expanded Small Business Development Center (SBDC) and, thus, has the potential to draw upon the SBDC both to support business development in low-income neighborhoods and to perform business-related technical assistance on CED projects, e.g., market research or financial analysis. While the Milwaukee Idea is an independent initiative of the UWM chancellor, CED and the Consortium for Economic Opportunity emerged as a key priority under the Milwaukee Idea because of CED's existing capacity, track record, and strong standing in the community. These CED assets are part of the reason the university has decided to more than double its funding for CED.

Factors Influencing University Center Performance

CED has been an effective University Center in several ways. First, it is delivering a significant volume of high-quality TA and applied research. Second, its work is generating direct outcomes in terms of expanded CBO capacity, new economic development programs and projects, securing foundation and government grants, and influencing economic development policy. Third, CED is leveraging EDA funding by more than 2.5:1 and utilizing university resources, especially graduate students, to expand its capacity.

Several factors contribute to CED's strong performance:

- 1. *The leadership and vision of CED's director.*** Marc Levine has been a strong and consistent director, providing the intellectual direction for the Center, the strong commitment that guides its work, and the focus and perseverance to build the Center's strong relationships both within the university and in the community.
- 2. *The skills and dedication of its professional staff.*** Since CED primarily relies on its paid professional staff to deliver TA services, staff capacity and commitment are central to the Center's effectiveness. All CED staff, with the exception of graduate student assistants, have professional degrees in public policy, urban studies, or related fields, with two staff having significant work experience in community organization and economic development, respectively. CED staff members are strongly committed to their work and their clients. Several clients commented on the dedicated nature of CED staff and their willingness to work extended hours, assist in multiple ways, and go far beyond the typical role of a researcher or consultant. Staff skills and commitment also ensure the quality of CED's work, both in the community and within the university.
- 3. *UWM's commitment to community service and to CED.*** UWM was established as the University of Wisconsin's urban university with a mission to address urban issues. This urban mission is reflected both in the university's support for CED and also in the interests of students and faculty that CED draws upon to expand its capacity. With UWM reaffirming and expanding its community service mission under the Milwaukee Idea, CED has significantly expanded its resources and relationships within the university. This new university investment should expand CED's work and impact during its second decade.

4. ***The Center's ties to academic departments and degree programs.*** Marc Levine's active role in the Urban Studies Program and his ties to several university departments attract graduate students to work for the Center, while also connecting students to community work. As students affiliated with the Center and the Urban Studies Program graduate and work in the Milwaukee region, they add to local economic development capacity and provide another set of CED ties to the practitioner community. CED's research and TA activities also strengthen the Urban Studies Program by providing students with learning and research opportunities, and contributing a knowledge base that informs the teaching of faculty.
5. ***CED's active and high-profile role.*** CED's high-profile role, as a result of its applied research activities, and its extensive community-based TA activity, provides two important assets for the Center. First, the publicity from its research reports generates support from the university administration since it brings recognition and status to UWM. Second, its active community role generates grass roots support for the Center, which was recognized the university as it expanded its community outreach efforts.

Interviews

George Christiansen, Executive Director, Northeast Milwaukee Industrial Development Corporation

Dale Darrow, Community Builder, United States Department of Housing and Urban Development

Bill Dempsey, Campaign for a Sustainable Milwaukee

Ann Fladd and Una Van Duvall, Northwest Side Community Development Corporation

Fred Gutierrez, Milwaukee Foundation

Sherman Hill, Harambee Ombudsman Project

Marc Levine, Director, UWM Center for Economic Development

Richard Meadows, Associate Dean UWM College of Arts and Letters

Stephen Percy, Deputy Chancellor for the Milwaukee Idea, UWM

APPENDIX D:

DATA COLLECTION METHODOLOGIES

University Center File Data

Much of the data on the individual University Centers that was analyzed as part of this evaluation was compiled from documents obtained from EDA regional office files. The evaluators created a file on each University Center that contained the following information from grant years 1998 and 1999: (1) application for funding, (2) “Project Summary and Approval” form, (3) “Special Award Conditions” form, and (4) annual report (1998 only). The file also included, when available, the most recent Peer Review Questionnaire and final evaluation report from the NAMTAC evaluations. Using information from the files on each University Center, the evaluators created two databases, a Center database and a project database.

Center Database

The Center database contains general information on each University Center. This includes basic facts such as grant and match amounts, use of an advisory committee, and staffing levels funded with the grant and match. While most of this information was compiled from the files mentioned above, additional research was needed in a few instances.

More specifically, the project summary and approval forms were used to obtain grant and match amounts, the urban/rural classification of the Center service area, and the year the Center was opened. The peer review questionnaire, when available, was used to augment information on the service area and use of an advisory committee. The director interview was used to determine where in the school the University Center is housed, and to whom the director reports.

The listing of authorized staff positions in the Special Awards Conditions document was used to determine staffing levels paid with EDA and match funds. University Centers rarely listed an FTE for student staff. In most cases, they listed the number of student positions paid out of EDA funds. In order to convert the number of positions to an FTE, we made an assumption that students worked 15 hours per week for nine months out of the year. With a 40-hour workweek, this translates to .28 FTEs over the course of a year.

External information was sometimes used to determine certain information about the sponsoring institutions. A school’s Web site or other university information guides were used to determine if the school is public or private. The U.S. Department of Agriculture’s Web site contains a listing of each land grant institution. Educational On-line (edonline.com) contains a list of each historically black college and university.

Each service area was classified according to a set of standard categories. These same categories were used in the project database to determine a project or program’s geographical focus. Areas classified as “regional” include single metropolitan statistical areas (MSAs), or rural areas comprising a single or small number of contiguous counties. Multiregional areas

involve more than one MSA or a large portion of a state. Statewide service areas and projects cover the entire state in which the Center is located. The term municipal connotes a single town, city, or county. Municipal and regional areas were classified as metro or nonmetro based on Census Bureau definitions.

Center Project/Program Database

The project database contains specific information on each project or program activity undertaken by University Centers during FY 1998. The bulk of this information was taken from the annual report for that grant year. In a few cases, where this report was not available, the annual report from FY 1997 was used.

The project database classified each project and program along several dimensions. The classification process involved a variety of subjective decisions, and projects often fell into more than one category. In order to remain consistent, Mt. Auburn developed its own definition for each classification that it used. These definitions were sometimes different from those used by the University Centers.

The database did not include all projects listed by the Centers. The project had to be focused at least partially on the Center's service area, and it had to be a project of the Center itself. Projects that were clearly undertaken by a larger economic development center and did not involve University Center funding were not included. If it was impossible to determine whether or not University Center funds were used, the project was included.

After a description of each project or program was entered into the database, a number of general categorizations were made. These included the geographical focus, whether any external partners were involved, and whether the project was explicitly focused on a distressed area or a disadvantaged population. Projects or programs that may have served distressed areas or distressed populations but were not specifically targeted to these areas or groups were not classified as targeted.

Next, each project was placed in one or more of the following four general categories: (1) technical assistance to businesses; (2) technical assistance to economic development organizations; (3) applied research; and (4) information dissemination. Within these four categories, a number of subcategorizations were made.

Technical assistance to businesses was defined as a project or program serving businesses on a one-on-one basis. A business training program was only included in this category if it contained a one-on-one component. Otherwise it was classified as a conference under the category of information dissemination. Each business assistance project or program was also categorized based on the type of assistance provided, the size of businesses served, and the type of business served. If stated by the Center, the number of clients served was also entered.

We defined technical assistance to economic development organizations as activities that involved direct work for a client, excluding direct business assistance. The definition also excludes very short-term assistance such as a request for information or participation in group training. Because this is the largest category of projects and programs, we developed four subcategories to create a clearer picture of these activities: (1) general planning—assistance in regional, municipal, or neighborhood planning efforts; (2) targeted planning—assistance related to a one-time project of the client, or to a specific real estate development project; (3) program

development—assistance to a client to either design, implement, or evaluate an ongoing program; and (4) organizational capacity building—assistance that does not involve the clients' specific project or program, but rather assistance in developing general organization strategy, providing staff training, or interorganizational coordination. Each technical assistance project and program was also categorized based on its client type and policy focus.

We defined applied research as activities involving general research or detailed data analysis for which there is no specific client. If research was done for a specific client, we considered it technical assistance. We defined information dissemination as activities that involved distributing information, yet did not involve a specific client nor any thorough analysis or detailed research. Training programs without a one-on-one component were included in this category. Both applied research and information dissemination projects and programs were further categorized based on their policy focus.

Client Survey

In order to conduct the client survey, we compiled a list of clients from each of the University Centers, and selected a sample of clients from this list. All University Center directors were sent a letter requesting a list of clients from FYs 1995–98. They were asked to only include clients who had received individualized, hands-on technical assistance from the Center. The list was to exclude clients who received information/referral provided in a single or short-term interaction, attended conferences or seminars, or used prepackaged information developed by the Center. We also asked the Centers to exclude listings of partners, funders, or other entities that may have funded or participated in providing services to clients.

Centers were asked provide the name, contact person, and phone number of each client who received technical assistance during EDA FYs 1995–98. The Centers were also asked to divide their lists into two categories: (1) business clients, and (2) economic development organizational clients.

Lists from 65 of the 69 Centers were obtained. One Center sent us a letter stating that it did not have any clients meeting our definition. Two others were unable to provide client lists in time for inclusion in the survey, and another incorporated our survey into its own client survey, but was unable to complete the survey in time for inclusion in our analysis.

The lists obtained from the Centers included a total of 3,521 clients, including 2,470 business clients and 1,051 economic development organization clients. From this list, a systematic random sample of 1,078 clients was drawn (every third name from the lists).¹ The sample included 730 business clients and 348 economic development organization clients.

A common survey instrument was developed for both business and economic development clients, with some modifications made to reflect the different characteristics of the two groups. The survey was conducted by telephone by a professional survey research firm under the supervision of Mt. Auburn Associates. Survey data were entered directly into a database using survey software.

¹ Some names were skipped because of incomplete information. As a result, the final sample was slightly less than one-third of the total.

Completed responses were obtained from 404 clients: 230 business clients and 174 economic development organization clients. This constituted a response rate of 37.5 percent overall, 31.5 percent for business clients, and exactly 50 percent for economic development organization clients. The survey data were analyzed using SYSTAT, a standard statistical analysis package for PCs.